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NEWS SUMMARY

GENERAL

Pc Olds gunman gets life sentence

Gunman Stuart Blackstock was jailed for life at the Old Bailey for shooting and paralysing Pc Philip Olds.

His co-defendant Leslie Cook was jailed for 17 years for his part in the attempted robbery at a Hayes, Middlesex, off-licence which ended in the shooting.

Mr Justice Skinner told Blackstock: "I think it absolutely essential that criminals who carry firearms and attack police officers should be punished severely.

"I am satisfied you are a dangerous and evil man."

Benn attacked

The rift between Mr Tony Benn and the Shadow Cabinet widened as Mr Roy Hattersley and Mr Peter Shore attacked his tactics. Back Page

Ceasefire bid

Saudi Arabia is expected to try to bring about a ceasefire in Lebanon when Arab foreign ministers meet near Beirut today. Back Page

UDR man shot

An off-duty member of the Ulster Defence Regiment was shot dead while delivering coal to a house at Tully South, County Fermanagh.

Soldier kills four

A U.S. soldier learning to fire an M-16 automatic rifle on a target range in South Korea killed four fellow soldiers and badly injured another.

Cholera warning

Passengers on a British Airways jet from Rawalpindi were warned at Heathrow to watch for cholera symptoms after a man who had had treatment for the disease was taken ill aboard and died in hospital in Amman.

Bishop's prize

South African Bishop Desmond Desmond Tutu was unable to collect a $100,000 prize from the Onassis Foundation for his struggle against apartheid as his passport had been withdrawn.

Thatcher booed

Three eggs were thrown at the Prime Minister's car when she was met by about 500 booing jobs protestors outside a reception in Bristol. Police arrested three men.

Lefever rejected

The U.S. Senate foreign relations committee rejected President Reagan's nomination of Ernest W. Lefever as human rights chief.

Lonrho appeal

The High Court ruled that Lonrho and Grand Metropolitan were entitled to a re-hearing of their appeals against cancellation of gaming licences held by casino companies acquired from Coral Leisure. Page 4

Horse sense

The Soviet Union announced measures to encourage horse breeding in order to ease food shortages and improve farm transport.

Frogs in a paddy

More than 2,000 frogs bit and tore at each other for two hours in a rice paddy in south China's Hunan province, said the Peking Evening News. More than 40 were killed.

Briefly...

Anne Odre, injured in last month's attack on the Pope, left for home in New York.

Two private aircraft collided in midair near Caracas, killing at least nine.

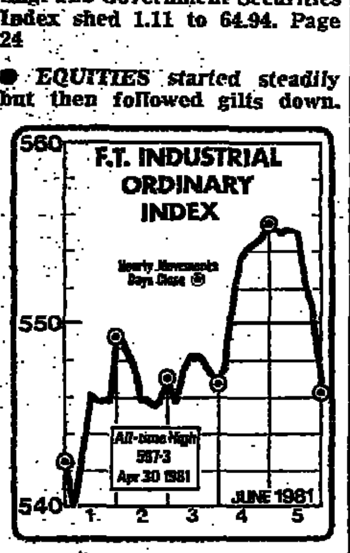
World Wildlife Fund received more than £500,000 after its 20th anniversary last month.

BUSINESS

Gilts off by 1.11; Equities fall back

● GILTS weakened with sterling. The Government Securities Index shed 1.11 to 64.94. Page 24

● EQUITIES started steadily but then followed gilts down.



The FT 30-share Index shed Thursday's gains to close 9.3 lower at 546.3. Page 24

● STERLING continued to weaken, losing 1.2c to a 34-month low of $1.929 and closing at DM 4.6475 (DM 4.685) and FFr 10.995 (FFr 11.03). Its Bank of England index was 93.8 (94.8), the lowest since March last year. Page 23

● DOLLAR weakened to DM 2.4095 (DM 2.415) but was otherwise stronger, closing at FFr 5.705 (FFr 5.68) and Y227.8 (Y226.5). Its trade-weighted index was 110.2 (109.2). Page 23

● GOLD rose $0.5 to $461.5 in London. In New York the Comex June close was $452. Page 23

● WALL STREET was up 7.05 at 993.79 before the close. Page 20

● INDUSTRY'S liquidity position worsened in the first quarter of the year, after improving in the 1980 final quarter, Department of Industry said. Page 4

● ACCOUNTANTS are expected to ask Environment Secretary Michael Heseltine for a greater role for private firms in auditing local bodies' accounts. Page 3

● EMPLOYERS should let workers engage in spare-time jobs to help create a new wave of small businesses, Institute of Directors leader said. Page 3

● U.S. UNEMPLOYMENT was 7.6 per cent (8.17m people) last month after 7.3 per cent in April. Canada's was 7.1 per cent (7 per cent).

● IMF approved a $936.7m (£485m) loan to Thailand to be drawn on over the next two years.

● WELSH unemployment total will rise by 50,000 to 200,000, or 16 per cent, next year, researchers predicted. Page 3

● MIDDLE EAST overtook Britain as top customer for New Zealand lamb.

● TRUSTHOUSE FORTE said it would not increase its £67m bid for the Savoy Hotel group or extend it beyond June 19. It has received few acceptances. Back Page

● ALLIED BREWERIES reported profits for the half year to March 7 up from £54.5m to £61.9m, for a year's total of £112.4m. Final dividend was 3p. Page 18; Lex, Back Page

● BATH AND PORTLAND Group, building and chemicals concern, saw taxable profit for the year to October 31 down to £1.48m (£2.76m), on turnover up to £92.8m (£74m). Page 18

● RHONE-POULENC, the French chemical and textile group facing nationalisation if the left wins the general election, *predicted* another heavy loss this year. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Avon Rubber	105	+ 6
Blue Circle	466	+ 6
Brown (N.)	66½	+ 11½
Cornell Dresses	143	+ 10
Foseco Minsep	233	+ 7
Haden Carrier	382	+ 14
Lec Refrigeration	198	+ 6
Myson	65	+ 17
Novo Inds. B	£105¼	+ 6¼
Polly Peck	273	+ 13
Staveley	242	+ 6
Stelux Manfng.	75	+ 13
Sun Alliance	846	+ 12
Transparent Paper	44	+ 3
Warren Plants.	215	+ 13
British Borneo	284	+ 8
Mount Lyell	120	+ 10

FALLS		
Treas. 11¼pc '85	£25½	− ⅛
Exchng. 12¼pc '99	£85¾	− 1⅛
Berisford (S. & W.)	121	− 6
Boots	218	− 7
Cawoods	212	− 22
Dobson Park	100	− 6
GUS A	460	− 12
Hambro Life	381	− 9
ICL	37	− 3
ICI	278	− 12
Land Securities	378	− 9
Leigh Interests	158	− 14
Lucas Inds.	198	− 8
MEPC	218	− 9
Northern Foods	162	− 11
Plessey	311	− 9
Racal Electronics	359	− 11
Royal Insurance	385	− 11
Thorn EMI	388	− 14
BP	360	− 12
Shell Transport	352	− 8
Sovereign Oil	290	− 30
Middle Wits.	660	− 30

ICL to axe 5,200 more jobs: warning of big losses

BY JASON CRISP

ICL, BRITAIN'S biggest but ailing computer company, is to cut its 30,000 workforce by 5,200. The announcement yesterday *came alongside a warning from* Mr Robert Wilmot, managing director, that the company's half-year results due on Monday, would show a "significant loss" with no sign of any improvement.

Yesterday's moves came less than a month after the Government appointed a new management team at ICL as part of a rescue package.

The redundancies are in addition to 2,500 announced in November which included the closing of a factory at Winsford in Cheshire. Earlier last year ICL also shut a factory at Dukinfield near Manchester with the loss of 800 jobs.

Although further redundan*cies had been expected* trade unions were last night shocked at the scale of the cuts proposed, with nearly 20 per cent of the workforce due to go. Mr Ken Gill, general secretary of TASS, the white collar section of the Amalgamated Union of Engineering Workers, called the proposals a national scandal and said the redundancies would be resisted.

The redundancies are to come from most sections of the company though few details have yet been given. So far ICL has *only announced the closure of* one small factory employing 230 people near Winsford and said that the "worldwide marketing" group of 9,000 people based throughout the UK is to be cut by 1,500 although no salesmen are to go. Overseas, 1,000 staff are to be cut from a total of 8,000.

ICL is also cutting its product development group of 3,700 by 550. Corporate staff is to be cut from 1,200 to 900 and the service division is to lose 150 of its 2,600 people.

In a statement to employees, Mr. Wilmot said the "significant" half year losses which would be announced on Monday was mainly due to the effects of severe economic recession. He warned: "As yet there is no sign of any material improvement in the economic climate."

The City is expecting a loss of between £35m and £45m for the six months to the end of March. ICL may also take the opportunity to include an extraordinary provision of about £30m for redundancy costs and other exceptional items.

Mr Wilmot said that recovery would be possible only if the company acted quickly to reduce costs, of which employment costs were the largest element. "We have to match our costs to the projected scale of our business in order to *remain competitive. In addi*tion, the use of new technology to achieve competitiveness continues to reduce the work content of our products and services. In these circumstances we must recognise that the company is overmanned."

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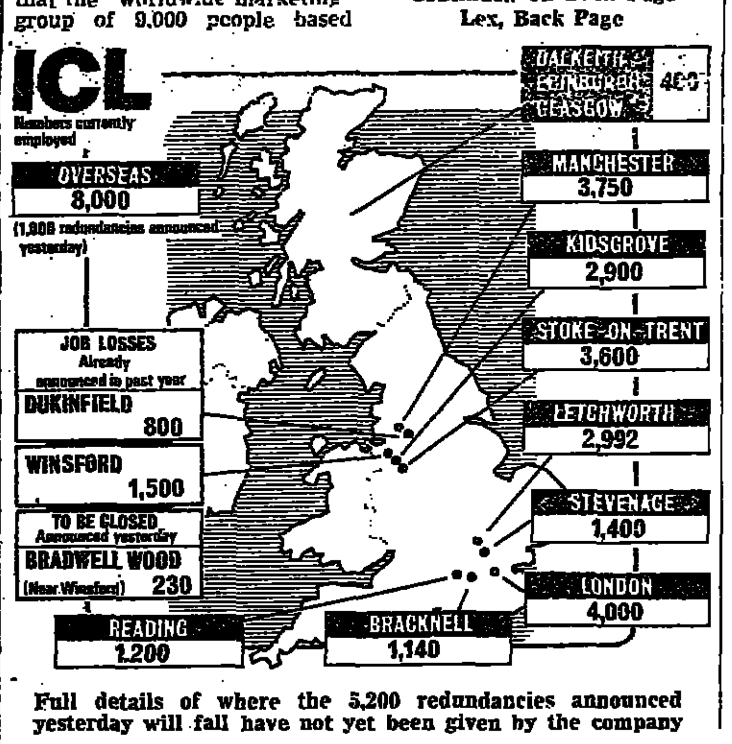
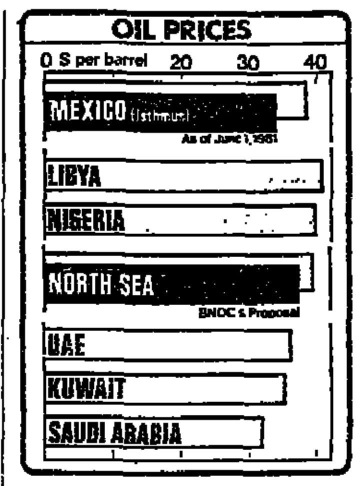


Full details of where the 5,200 redundancies announced yesterday will fall have not yet been given by the company



BNOC goes for $2 cut in oil price

By Ray Dafter, Energy Editor

NORTH SEA oil prices are almost certain to be cut by $2 a barrel as a result of a unique initiative by the state-owned British National Oil Corporation.

For the first time, BNOC has decided to take a lead in the fixing of contract prices for light, high-grade crude oil. The corporation's decision, taken with full Government backing, is likely to force the other main exporters of premium crude—Nigeria, Algeria and Libya—to either cut their tariffs or introduce new discounts.

BNOC yesterday began sending telexes to its main suppliers suggesting that the reference price for Forties Field crude of $39.25 a barrel should be *lowered to $37.25.* This will widen even further the difference between North Sea prices and the official tariffs of the Africans—still between $40 and $41 a barrel.

The move follows discussions between BNOC officials and the Department of Energy. The Government has had a firm policy of following the pricing decisions of the Organisation of Petroleum Exporting Countries, but it was felt in Government and industry circles that the market pressures were becoming too great to allow North Sea prices to remain at their present high level—fixed at the beginning of the year.

Even the Treasury, among thoshe involved in BNOC consultations with the Government, became relaxed about a reduction. A few weeks ago it was concerned about the possible impact on Government revenues—it is estimated that each $1 a barrel reduction reduces the tax take by about £200m a year.

However, the potential fall in revenue has been almost totally offset by the impact of the improvement of the dollar against sterling.

North Sea production—like all international oil output—is priced in dollars. Within the industry, it is estimated that each 15 cents mprovement in the dollar against sterling benefits the Exchequer by between £60m and £100m a year.

Government and BNOC officials emphasised that there had been little alternative to a

Continued on Back Page

Sterling continues to fall

BY DAVID MARSH

STERLING fell a further 1.2 cents in London yesterday to close at $1.9290, its lowest since August 1978. This took its decline over the past five days to 14.1 cents.

Mounting fears that the British Government may have to raise Minimum Lending Rate forced a sharp increase in London money market rates, spurred further selling of gilt-edged stocks, and depressed equities.

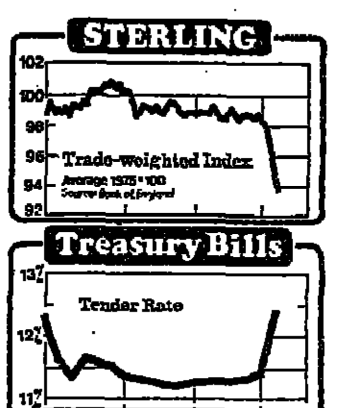
Sterling also fell against the D-Mark and other Continental currencies, dropping to *DM 4.6475 (DM 4.685) Its trade-*weighted index closed at 93.8, down from 94.8 on Thursday, and its lowest since March last year. This took the fall in the trade-weighted rate during the past week to 5.2 per cent.

U.S. business dismay at tax cuts, Page 2
Savings and investment, Pages 7 and 8
Editorial Comment, Page 16
***Money markets,* Page 23**
Lex, Back Page

Trading was less hectic than during sterling's sharp fall on Thursday. But the pound remained depressed by international selling pressure, sparked by the weakening of North Sea *oil prices and a fresh rise in* U.S. interest rates. At one point yesterday, sterling declined to $1.9075.

The dollar had a volatile day, aided early on by firm Euro-dollar interest rates and fears that U.S. prime rates may go up again.

However, it closed in London slightly lower against the *D-Mark at DM 2.4095 (DM 2.4150* on Thursday) after the West



German currency staged a late rally from its low during the day of DM 2.4320.

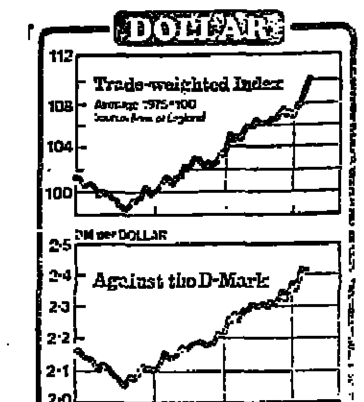
In Frankfurt the D-Mark was fixed officially at DM 2.4255, its lowest point since January 27, 1977. The West German central bank did not intervene officially. There was little sign of unofficial intervention.

Pessimism about interest rates prompted falls of up to £1⅛ in long-dated Government bonds. The FT Government securities index dropped a further 1.11 points to 64.94, a 4 per cent fall during the week.

At the weekly Treasury bill tender, the average rate of dis*count rose to 12.44 per cent, up* almost 1 percentage point from the previous week's 11.45 per cent, and the highest since January 30.

Under the old market-related formula for determining MLR, this would signal a rise in MLR to 13 per cent from the present 12 per cent.

Interest rate worries also *spilled over to the equity mar*ket, which had been buoyant on



Thursday on the hope that the pound's fall would boost exporters' profits. The FT 30 share index dropped 5.1 to 550.5.

The upward pressures on London interest rates were reflected in rises of up to ½ point in three month money market rates yesterday, although shorter term rates were easier.

The three month rate for inter-bank money and sterling *certificates of deposit closed at* 13 1/16.

UK rates, however, are still more than 5 points below those for the dollar.

There was no let up in short term interest rates in the U.S. yesterday. One medium size bank, Girard of Philadelphia, increased its prime lending rate from 20 to 21 per cent.

Bond prices firmed a little in early trading on the news of a modest 0.4 per cent increase in wholesale prices in May. Traders said the market never the less *remained nervous about the* near-term outlook for rates.

Bankers study currency see-saw

BY STEWART FLEMING IN LAUSANNE

ERRATIC SWINGS and grow*ing tensions in the foreign* exchange markets are a source of deepening concern to the leaders of the world's major central banks, but they see no obvious and acceptable way to restore stability quickly to markets so heavily influenced by speculative capital fluctuations.

Central banks are determined, however, to retain the option of using intervention in the markets to counter disorderly conditions, Herr Karl Otto Poehl, president of the West German Bundesbank, said yesterday during a *four-day* meeting attended by central bankers in Lausanne He said there was no disagreement on this point.

The bankers have been expressing their concern at the international monetary conference of the chief executives of most of the world's largest commercial banks. The meeting is *being held in one of Europe's* most elegant hotels overlooking Lake Geneva. It has also been attended by top central bankers including Herr Poehl, Mr Paul Volker, chairman of the U.S. Federal Reserve Board, and Mr Gordon Richardson, Governor of the Bank of England.

Some European central bankers are reluctant to try to use higher interest rates to support their currencies and no sign emerged yesterday that the U.S. Federal Reserve *intends to* soften its monetary policy to *ease the pressures on other cur*rencies.

The currency swings and the renewed upward surge in the U.S. dollar in response to interest rate rises are a source of anxiety to the other central banks partly because it presents them with difficult choices in the conduct of their own monetary policies.

In the UK, the sharp decline in sterling is threatening to intensify inflationary pressures. The Bank of England could try to counter the inflationary *threat by raising domestic* interest rates, but this would add to the forces weakening the domestic economy

Asked if the Bank of England would follow other European central banks and raise interest rates to support the currency Mr Richardson said: "In the last few days in foreign exchange markets which have been volatile other currencies have ... under attack, and ... a squall of our own."

Referring to the ... strength of sterling against the D-Mark and the Swiss franc he added: "We intend to keep things in proportion." He stressed however that Britain had a monetary policy aimed at defeating inflation and that policy *stood.*

But Mr Fritz Leutwiler, President of the Swiss National Bank, categorically ruled out a shift to a more restrictive monetary policy in Switzerland.

£ in New York

	June 4	Previous
Spot	$1.9560-9580	$1.9890-9910
1 month	0.95-1.03 pm	0.95-0.90 pm
3 months	2.55-2.65 pm	2.60-2.70 pm
12 months	6.00-6.25 pm	6.60-6.80 pm

Civil servants' talks collapse

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday refused to improve its pay offer to civil servants and, according to union leaders, made it clear it was trying to crush the unions rather than seeking a resolution of the 13-week dispute.

The acrimonious collapse of talks between the unions and Lord Soames, the Lord President of the Council, immediately prompted widespread walkouts of civil servants, including staff in Liverpool, Manchester, *Sheffield, Cumbria,* Bristol, London and elsewhere.

The Government's refusal to increase the 7 per cent on offer for this year, its withdrawal of the prospect of arbitration on next year's deal—which some union leaders had believed was within their grasp—and some apparent downgrading of the proposed public inquiry into Civil Service pay in the future followed a key Cabinet meeting on Thursday.

The Prime Minister was reported to have been sharply critical in Cabinet, and at separate meetings before and after it, of Lord Soames. He was *arguing that, with the possi*bility of falling support, the

London could face next week a total 24-hour strike by ambulancemen including a withdrawal of emergency cover. Shop stewards representing the capital's 2,200 ambulancemen will decide on Monday whether to call for an *early all-out strike*

Benefits staff face suspension, Page 4
State industry chairmen's pay, Back Page

unions should be given some concession which would allow them to compromise.

Ministers rejected this. They insisted that a firm line should be maintained, even *though* Lord Soames, in his brief meeting with union leaders yesterday, was reported to have appeared to be lacking in enthusiasm for the toughness of the Government's statement.

However, he was firm in a *short Press conference—the* first in the confrontation which next week will become the longest national dispute in the UK since the miners' strikes in 1926.

He said: "My hope is that it is now absolutely clear where the Government stands.

"I hope that it will be believed that this is the final *offer, and it will be seen that* there is no advantage in carrying this (dispute) forward."

He said that the action was "a road leading nowhere, and I hope all civil servants will now turn their backs on it."

He thought there was no prospect of talks in the immediate future. He observed: "It must be evident now that the *Government is convinced that it* is in the national interest that theoffer should stay where it is."

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OVERSEAS NEWS

Air France 'may buy up to 50 Airbuses'

By Michael Donne, Aerospace Correspondent, in Paris

AIR FRANCE, the French flag airline, may buy up to 50 of the new projected A-320 150-seater jet airliners, the development of which was formally announced at the Paris International Air Show this week.

M Pierre Giraudet, president of Air France, said on French radio yesterday that his airline had been looking at the new airbus for some time and had identified a need for "up to 50." It will be discussing possible orders within the next few months, he said.

This is the first positive statement by any of the world's airlines that is is prepared to commit itself to one of the new 150-seat airbuses.

M Giraudet's statement is likely to be of considerable importance and help to British Aerospace, which has a 20 per cent stake in the European Airbus Industrie consortium planning to develop the A-320 and which is already discussing potential orders with many airlines.

British Aerospace will be going to the UK Government soon with plans for an investment of between £200m and £250m for its share of the proposed development of the A-320, and one of the first questions likely to be asked by the government is who is interested in buying the aircraft.

Franco-German talks planned over steel aid

By Roger Boynes in Bonn

WEST GERMANY and France are to hold special Ministerial-level talks in an effort to patch up some of their differences on the question of state subsidies to the steel industry.

Count Otto Lambsdorff, the German Economics Minister, said yesterday that he would fly to Paris on June 18 for talks with M Pierre Joxe, the new French Industry Minister. The aim will be to co-ordinate their approaches sufficiently to make a success of a June 24 meeting on state aid to the steel industry.

A "success" in German terms would be the agreement of a firm and stricter timetable to phase out subsidies, which it claims are distorting competition and harming the largely-unsubsidised domestic steel industry. Bonn has indicated that it could prove difficult on the question of social assistance for workers affected by restructuring if there is no progress on phasing out subsidies.

● West Germany DM 231bn (£49bn) budget for 1981 yesterday passed its third reading through the Bundestag and, therefore, will almost certainly become law. The budget was the source of bitter debate, especially on the issue of State indebtedness.

The Left wing of the ruling Social Democrats decided not to stage a backbench rebellion against the defence allocation but some members of Parliament spoke in favour of transferring DM 1bn of the defence budget to development aid.

China changes

More government changes are expected in China during the new session of the National People's Congress Standing Committee which began in Peking yesterday, writes Colina MacDougall. The agenda includes confirmation of appointments and dismissals as well as discussion on military discipline. At the March meeting, supporters of Vice-chairman Deng Xiaoping gained ground in a Ministerial reshuffle.

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U.S. business dismay at tax-cut plan

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Ronald Reagan's move to scale back depreciation improvements for capital investment as part of the latest changes before the tax plan goes to Congress, was described as "a breach of faith with the business community" by the U.S. Chamber of Commerce yesterday.

Mr. Reagan this week announced his intention to push through Congress on a coalition of his own Republican troops with maverick conservative Democrats, a plan for a 25 per cent cut in personal tax rates over the next three years, coupled with depreciation changes that would save investing businesses $123bn (£63bn) over the next six years.

Both these elements of the tax plan are smaller than Mr Reagan originally proposed in February, and the last minute changes are specifically designed to assuage the worry that many conservative Democrats have about larger federal budget deficits. Mr Reagan vitally needs this political group's support to split the Democratic majority in the House of Representatives.

But the Reagan tax plan was heavily weighted in the first place towards tax relief for individuals, and the changes he made this week increase that weighting. Proposed income-tax reductions would be 25 per cent, slightly down from 30 per cent in the original version, while depreciation benefit would now be almost one third, or $50bn less than first planned.

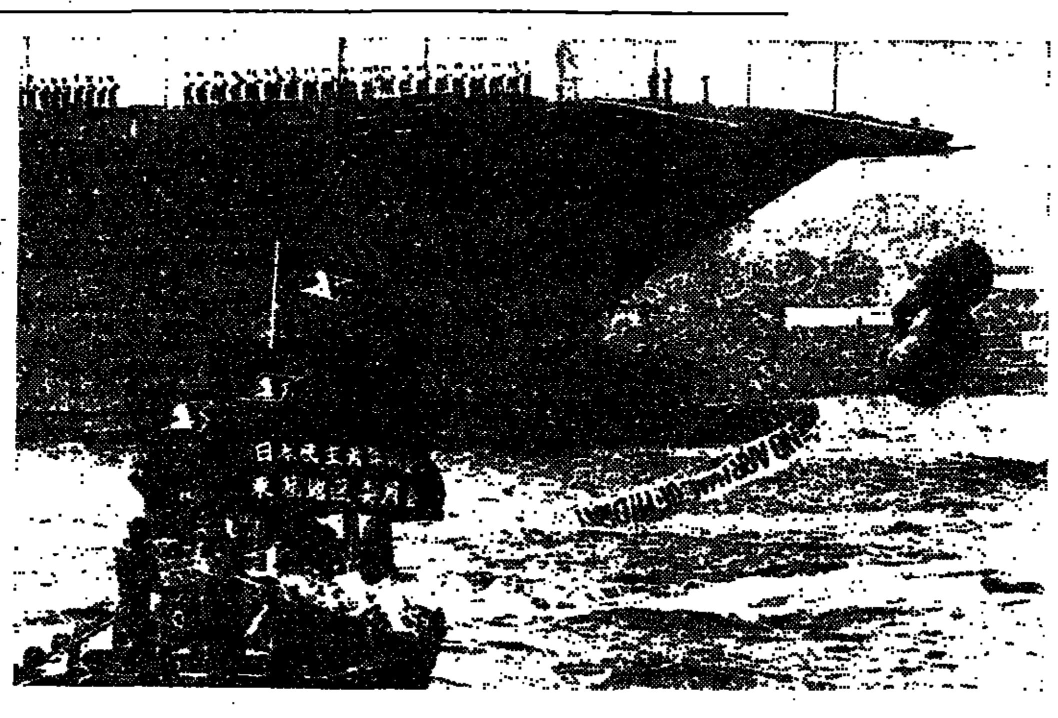
The business community feels cheated in its hopes of America's new conservative President on this score. Some Republican leaders, such as Mr. Barber Conable, the chief tax writer on the minority side in the House, also expressed dismay.

However, business and Mr Reagan's own party remain enthusiastic about all the other elements of the Reagan economic plan: the big cuts in Government spending and reduction in Government regulation of the private sector, in particular.

As the politicians prepared for the coming tax battle, the Government reported yesterday that the unemployment rate jumped to 7.6 per cent last month from 7.3 per cent in April and the two previous months.

Better news came on the inflation front yesterday however with the report that wholesale prices rose only 0.4 per cent in May. The major factor in this improvement was lower energy prices.

Protestors greet Midway



YOKOSUKA — The U.S. aircraft carrier Midway (right) escorted by a fleet of Japanese coastguard vessels, picked its way through a blockade of small boats manned by protesting anti-nuclear demonstrators yesterday to dock in its home port of Yokosuka.

The Midway, back after a three-and-a-half month patrol in the Indian Ocean, was greeted by the wives and families of crewmen and watched from a nearby park by several hundred demonstrators.

The demonstrators, including those aboard the small boats, maintain that the Midway carries nuclear weapons in defiance of Japanese regulations.

The Midway's 75 fighter-bombers are all capable of carrying nuclear weapons.

On Thursday more than 7,000 demonstrators protested against the arrival of the ship. The protests will continue today with the Socialist Party, the country's leading opposition group in Parliament, expecting 100,000 people to attend a rally in Tokyo.

● Japanese Prime Minister Zenko Suzuki will meet M Francois Mitterrand, the French President, on the last leg of a six-nation West European tour, starting next Tuesday, Mr Sunao Sonoda, the Foreign Minister, announced yesterday.

● Japan will voluntarily limit its exports of cars to Canada in the financial year which started in April to about 174,000, an increase of about 10 per cent over the previous year, Mr Rokusuke Tanaka International Trade and Industry Minister confirmed yesterday.

Soviet Press defends Katowice hard-liners

BY DAVID SATTER IN MOSCOW

THE Soviet Press yesterday sprang to the defence of the Katowice Forum, a hard-line group of Polish Communists, as conflict between the Soviet and Polish Communist Parties intensified over the issue of democratic reform.

In a report with a Warsaw dateline, the Soviet news agency Tass said the Katowice group had been attacked by the Solidarity trade union and "revisionist" newspapers, but had won a "wide echo" throughout Poland.

However, the agency referred to the condemnation of the Katowice group by the Polish party politburo which described its views as harmful.

Tass said that the group, which yesterday suspended its activities following widespread criticism in Poland, had posed "questions of principle about the current situation."

Many Communists had expressed understanding and support for the "workers and miners" of Katowice who had analysed the processes taking place in the country from a "Marxist-Lenin position," and gave a "principled evaluation" of the dangers threatening socialism in Poland, Tass said.

In a separate report, Tass described the release from pretrial custody of Mr Leszek Moszulski, a right-wing Polish dissident, and three of his colleagues, as "another concession to counter-revolution."

Their release, ordered by Poland's Supreme Court, follows a nationwide campaign of hunger strikes, marches and demonstrations.

Gdansk party leader backs reforms in Poland

BY CHRISTOPHER BOBINSKI IN GDANSK

THE existence of an independent trade union movement and democratic changes in the Communist Party are basic to the reforms taking place in Poland, according to Mr. Tadeusz Fiszbach, the Party leader in Gdansk.

These two movements give society a measure of control over the authorities and provides a hope that another crisis will be avoided in the future, Mr. Fiszbach told the Gdansk provincial party conference yesterday.

The meeting is to elect delegates to next month's party congress and choose a first secretary for the region.

Mr Fiszbach's speech placed him clearly on the liberal wing of the party in the run-up to the congress. It was designed to defend the policies followed by the Gdansk party organisation since last summer's strikes against criticism from party conservatives that "Gdansk was too liberal." He also said that the July congress should "confirm our methods here."

Referring to the Soviet Union, which has regarded Gdansk, where the strikes began, with the deepest suspicion, Mr Fiszbach said: "Poland will be a strong element in the socialist community the sooner we manage to build social peace through agreement with society."

Mr Fiszbach's open commitment to change was designed to ensure that he is re-elected as party chief of the 96,000 member Gdansk organisation and delegate to the congress. This is essential if he is to retain his place in the national leadership.

Romania draws closer to East Germany

BY LESLIE COLITT IN EAST BERLIN

ROMANIA is underscoring its recent move away from a policy of strict independence from Moscow by drawing closer to the Soviet Union's closest Warsaw Pact ally, East Germany.

The Romanian Defence Minister, Gen Constantin Olteanu, has completed an official visit to East Germany with a military delegation, the first such visit since Romania's communist leader, Mr. Nicolae Ceausescu, began loosening ties with the Soviet Union in 1965.

Until last year, Romania refused to go along with Soviet attempts to integrate the Romanian army into the Warsaw Pact command structure under Moscow's leadership. Mr Ceausescu also thwarted Soviet president Leonid Brezhnev's call for an increase in defence spending and instead cut the Romanian military budget.

At a dinner given here by the East German Defence Minister, Gen Heinz Hoffmann, the Romanian defence chief spoke of many more possibilities to "strengthen relations between our armies."

Gen Hoffmann said Romanians and East Germans had the "same friends and the same enemies." He noted the latter would not be given a chance to destroy co-operation between Bucharest and East Berlin "no matter what means they may use."

Romania's precarious economic situation has caused President Ceausescu to force closer links with Moscow and its allies, along with fears of a Polish-type uprising in Romania which has the lowest living standards in Eastern Europe.

The Romanian leader wants to obtain Soviet oil at the low Comecon price. As Romanian oil production is stagnating and it cannot afford imports of high-priced Western oil.

Italian police chief linked to P2 kills himself

By Rupert Cornwell in Rome

THE shock waves of the P2 freemasons lodge scandal continue to reverberate through Italian public life. As the Rome judiciary began proceedings against 260 civil servants, allegedly members of P2, a senior officer of the Guardia di Finanza fiscal police, interrogated earlier in connection with the affair, yesterday committed suicide.

Exactly why Col Luciano Rossi shot himself in his Rome office is not clear. Recently, however, he had been questioned by magistrates in Milan following the discovery of top secret documents in the Arezzo headquarters of the lodge. These have led to charges against Sig Licio Gelli, the fugitive grandmaster of P2, of political and military espionage against the state.

The proceedings against the civil servants stem from the suggestion that those whose names appeared on lists of alleged adherents to P2—held to have been a clandestine centre of power—violated the rule that public service was incompatible with membership of a secret society.

Already senior generals, national and local politicians, and leading civil servants who featured on the lodge lists have temporarily stepped aside. They have been joined by Sig Felice Ruggero, director general of the Treasury, while yesterday Parliament approved measures to place suspected P2 members on the staff of the RAI state broadcasting organisation on temporary leave.

In a highly confused landscape, perhaps the biggest casualty remains Corriere Della Sera, the Milan-based daily newspaper, which is the most important in Italy. Yesterday Corriere and its various sister papers in the Rizzoli publishing empire failed to appear, as staff continued strike action.

This is aimed at forcing those top journalists and managers implicated in the P2 list to step down, at least temporarily, and at securing full editorial autonomy from Rizzoli. Whose chairman and managing director are both on the lodge lists.

Begin-Sadat 'plot' feared

By Anthony McDermott in Damascus

THE MEETING in Sharm el-Sheikh between Egypt's President Anwar Sadat and Mr Menahem Begin, Israel's Prime Minister, has given the Syrian media an unrivalled opportunity to cut loose with criticism and analysis replete with plots.

There has been no official statement about the meeting but Government-controlled outlets such as Damascus Radio and the daily newspapers, al-Ba'ath and Tichrin, have all expressed opinions forceably and broadly reflect official thinking.

The media have been able to exploit a rare confluence of events to suggest that a hostile plot is being hatched. All draw together the following strands:

Complete agreement between Mr Begin and Mr Sadat; the meeting place-datelines refer to "occupied Sharm el-Sheikh"; the fact that it is two days before the anniversary of the 1967 Arab-Israeli war; Mr Sadat's assistance to get Mr Begin re-elected; the timing of the meeting (Israel is attacking Palestinian positions in Lebanon and threatening Syrian missiles in the Bekaa Valley; and President Reagan's special envoy, Mr Philip Habib, is about to return to the area.

Army moves in to South African coloured towns

BY QUENTIN PEEL IN JOHANNESBURG

HUNDREDS of South African soldiers were drafted into two coloured (mixed race) townships in Johannesburg yesterday to patrol the streets, while police launched a house-to-house search for weapons in the wake of the past two days of disturbances.

The operation coincided with the appearance of posters in the black township of Soweto calling for people to stay away from work on June 16 to commemorate the anniversary of the 1976 riots which left more than 600 dead. The posters are the first sign of the current protests in coloured areas spreading to the majority African population.

The involvement of soldiers in the law-enforcement operation in the Westbury and Coronation areas represents a significant escalation of the security effort, in which the South African police have been repeatedly accused of using excessive force in controlling protesting school children.

Pupils from the major high schools in the townships have stayed home from school for the past two days as a protest against the detention of a student leader, and against police brutality in breaking up their demonstrations with tear-gas, rubber whips and batons.

Local newspapers reported that dozens of youngsters were arrested by the police, who searched houses after the soldiers had cordoned off the area. Police on the spot said they were also looking for guns and the ingredients for petrol bombs.

A police spokesman said: "We are looking for anything that constitutes an offence, including dagga (marijuana) and weapons. We are also searching for people who threw petrol bombs at the police."

Onlookers shouted insults at the police, and make jokes about the soldiers. Several church leaders, including the Rev. Peter Storey, president of the South African Council of Churches, confronted police in the Westbury township and demanded an explanation Brigadier Theuns Swanepoel, known as the "Red Russian" because of his supposed knowledge of communist agitators, said that he refused to be cross-examined.

The SACC later issued a statement calling for the Minister of Police to restrain his men, and urging the withdrawal of the army units from the townships.

Reagan acolyte to go on Namibia mission

BY OUR WASHINGTON CORRESPONDENT

ONE OF President Ronald Reagan's more trusted lieutenants is being despatched next week to South Africa, Namibia (South-West Africa), and possibly Zimbabwe, to explore ways of reaching an internationally acceptable independent settlement for Namibia.

The trip will be the first major foreign assignment for Mr William Clark, the deputy Secretary of State, since he received Senate confirmation in the spring, after showing an abysmal grasp of foreign affairs. Then, he could not recall from a knowledge of foreign affairs based, he said, mainly on reading Time and Newsweek, the names of the South African and Zimbabwe premiers.

Mr. Clark is a long-time associate of the President from California, and is not mistrusted by the Republican far Right, which has been sharply critical of Mr Chester Crocker, the man ostensibly in charge of African policy at the State Department.

Mr Crocker's position has been somewhat undermined by a recent spate of leaked papers from his office, and his supporters have not helped him by refusing so far to push his nomination to a full Senate vote.

The Clark trip is thus more a personal reflection on Mr Crocker than a policy shift, though it underscores the importance the new U.S. Administration attaches to progress on Namibia.

Turkey disappoints EEC

BY JOHN WYLES IN BRUSSELS

THE TURKISH military Government yesterday failed to provide the EEC with a timetable for the restoration of democracy but reaffirmed its determination to apply for Community membership once power is returned to an elected civilian government.

Turkey's statements to a meeting of the EEC-Turkey Association Council seem unlikely to alter the European Parliament's current hostility to the Ankara regime. Gen Evren's Government asked for the meeting after the Parliament passed in April a resolution calling for the restoration of democracy within two months.

With the two sides represented by their ambassadors, Turkey's representative Mr Conap Keskin stressed the political and economic achievements made since last year's coup. These included a sharp drop in the rate of terrorist assassinations from 20 a day to one a day, a drop in inflation from 100 per cent to 30 per cent annually and a 56 per cent rise in export volumes.

Without detailing any timetable, Mr Keskin said that the would begin in September with the calling of a constituent assembly. This would be followed by a national referendum on the assembly's constitutional proposals, general elections for a new Parliament and the dissolution of the national security council.

Mrs Behice Boran, leader of the Marxist Turkish Workers Party was stripped of her citizenship and her property was ordered into liquidation by the military government yesterday, Metin Munir reports from Ankara. Mrs. Boran, 71, was among many left-wing dissidents who fled the country after the army seized power to escape imprisonment.

Life goes on in the midst of Lebanon's war, just . . .

BY IHSAN HIJAZI IN BEIRUT

LEBANON'S "silent majority" has finally forced the warring Moslem and Christian factions in Beirut to check their indiscriminate slaughter of civilians. After six years of devastating civil war, both factions have now agreed not to shell residential areas.

The public outrage was fired by last Sunday's savage bombardment of crowded beaches in the predominantly Moslem West Beirut and the Christian eastern part of the capital.

The heat wave which drove thousands of holiday makers to the coast was the first chance for families to take their children for an outing to the sea. The fear of stray shells had cooped them up indoors for weeks.

The few schools which have remained open in West Beirut left parents totally responsible for sending their children to classes and collecting them afterwards. Busing was discontinued. And parents received notices saying: "Security conditions permitting, classes will continue until June 25."

Lebanon's armed groups have doubled their ranks in the past two years. Their fire power has doubled too. They now have tanks, heavy artillery and the rocket lunchers known as "Stalin organs." They are also getting more efficient at using these heavy weapons. Nowhere is safe.

A howitzer on a hill in the Christian heartland can easily hit Moslem Beirut, while Soviet-made "Grad" surface-to-surface missiles have been fired from Moslem areas into the Christian port of Jounieh and the outlying mountains.

The Lebanese have been famous for their resilience. The civil war drove both Christians and Moslems to their respective sides of the "Green Line" which divides Moslem West and Christian East Beirut. They invested that resilience in making lifet olerable in their new homes. Now, after six years of interrupted tension and the battles of the past two months, little is left.

Half the 3.5m Lebanese are classified as "displaced persons." Their plight is both tragic and ironic.

The remaining residents of Beirut's Christian quarter of Ashrafiyah spend most of their time in basement shelters. One of the 90 per cent who have left told a friend in West Beirut over the telephone: "We have joined the refugees in the mountains." But they are not safe even there. The mountain villages have now been bombarded too.

On the other side of the religious divide, thousands of Moslems who fled Southern Lebanon to Beirut after Israel invaded the south three years ago started returning to their old homes after the new battles began in the capital. Many are in flight again since artillery duels re-started between Palestinian guerrillas and Israeli-backed Christian militia forces in the south.

Two small girls give flowers to left-wing soldiers in the commercial district of Beirut

The revived civil war has done severe damage to daily life. "It is a very confined life for all families," a university professor remarked. "No one dares to go for a drive. He is bound to be stopped by a road-block or a shell."

Lebanese used to take roadblocks in their stride. Now they try to avoid them. One salesman living in a Moslem suburb always carries a map, taking side streets to avoid the checkpoints. Too many people have been killed — accidentally or deliberately—at roadblocks over the past few months. And the indiscriminate shelling has made going to work a daily worry. "Since the latest bombardment began, only two of my 50 employees have been showing up for work," said a manager of a big office supplies company.

The re-opening of Beirut airport last month, after three weeks' closure, allowed the well-to-do to take their summer holidays earlier than usual. They hoped the crisis would ease by the time they are ready to come back. But most Lebanese have nowhere to go. They have to make the best of it.

Food, fresh fruit, and vegetables are still in abundance. But the shopkeepers have piled sandbags in front of their windows—a filled sandbag costs £3—and prices have gone sky-high over the past six years.

The Government's decision last week to raise bread prices caused an uproar. It coincided with a decision by several service industry companies to cut salaries by 50 per cent. The unions had been pressing for 25 per cent pay rises, and have asked the Government to issue a decree to force management to pay up.

The Lebanese are generally a fun-loving people. They have been trying to procure as much entertainment as possible at home for themselves and their children.

Video sets and films are the latest acquisition. Every other home has them. Shops renting video tapes have sprung up in every neighbourhood.

The smugglers' ports which have sprouted along the coast have flooded the market with consumer goods, mostly colour television, video machines and tape recorders. Legitimate dealers have cut prices by 30 per cent to compete.

There is so much money in circulation that shops are doing thriving business. One psychiatrist explained: "The Lebanese are doing more shopping than ever. Not being able to do much of anything else, shopping gives them an outlet for their tension."

UK NEWS

When MPs sound like union pay negotiators

By John Hunt, Parliamentary Correspondent

MR FRANCIS PYM, Leader of the House, had the anxious look of a man picking his way through a minefield when he opened yesterday's Commons debate on the proposal to raise MPs' pay to £13,950 with similar increases for ministerial salaries.

He and Mr. Charles Morris, the Labour spokesman, agreed on one thing—the whole affair had been grossly misrepresented by the media.

The controversy over the the 18.7 per cent rise was most unfair, particularly at a time when civil servants are taking industrial action in pursuit of their 7 per cent wage claim.

Would the Press and TV never learn that MPs were only getting a rise of 6 per cent and the remaining 12.7 per cent was topping up for the increases they had foregone in the past two years?

"Unless properly explained, this is misleading," said Mr Pym, sounding like the general secretary of a public service union presenting its annual wage demand.

Mr Morris felt that, if anything, the increases were too low. He agreed that the Press had been guilty of "squalid misrepresentation."

From that point, however, unity dissolved and backbenchers split into two puritanical camps.

A group of Tories, led by Mr Jock Bruce-Gardyne (Con., Knutsford) defiantly pressed an amendment accepting the 12.7 per cent but foregoing the 6 per cent. This would have brought an MP's salary to £13,150 instead of the proposed £13,950.

Not surprisingly the amendment was rejected by a massive majority of 128 (137-9), and Mr Pym's proposals were accepted by the House.

Protested Mr Bruce-Gardyne: "What is being proposed is an 18½ per cent increase and it is bound to be interpreted by the country as such."

On the Labour side, Mr Bob Cryer (Keighley) led a Left wing faction which argued that if MPs received payment for work outside the House, then they should not get the full 18.7 per cent rise.

He wondered why MPs always seemed to have jobs on Lloyd's or the Stock Exchange but never popped out to hew coal or to do a spot of light engineering.

He estimated that the Tory MPs supporting Mr Bruce-Gardyne's amendment held between them 12 directorships, various advisory posts and owned two farms and a castle. Therefore, they should be well insulated against any loss of parliamentary salary.

Mr Cranley Onslow (Con., Woking) feared that full-time MPs would inevitably become "paid political agitators." Such a situation, he thought, would just suit Mr Cryer who was always hanging around the Commons—"a sort of political vampire descending from the rafters in the small hours to sink his teeth into political democracy."

The debate drew to a close with Mr Denis Skinner (Lab., Bolsover) back on form giving a rousing performance as a tribune of the people.

WARRINGTON

Drawing battle lines for the next by-election

BY PETER RIDDELL

THE WARRINGTON parliamentary constituency is Labour—by tradition and by instinct. And the local view is that it will require a revolution to overcome a 10,000 majority at the last election.

There is a wide gulf between the speculation in London about who may or may not be the Social Democratic Party candidate at the forthcoming by-election and the party's virtual invisibility so far in Warrington.

None of the handful of prominent local businessmen, councillors and administrators to whom I spoke had had any personal contact with social democratic party members, although some were sympathetic to the party's aims.

At first glance, the Warrington area might appear to be attractive for the SDP. At the northern tip of Cheshire, at the intersection of the M6 and M62 motorways, the borough has for over a decade boosted a highly successful new Town. Thousands of jobs have been created, notably in science-based industries and in distribution, while several estates of varied and well designed housing have been built.

The snag is that owner-occupiers and professional middle classes living around the New Town schemes are outside the Warrington parliamentary constituency. The latter includes less than half the voters in the local government district of Warrington; the majority are in the next door seat of Newton-le-Willows.

The present Warrington constituency has only 44,000 voters concentrated in a traditional North Country manufacturing town. But there is an air of affluence with few empty or boarded-up shops and a busy new covered shopping centre.

The town has always had a spread of employers, including brewing (Greenall Whitely, the producers of Vladivar Vodka, Tetley Walker and Burtonwood), board and box manufacturers — chemical producers (Crosfield) and wire companies (Rylands and Greenings).

The depth of the current recession has undermined even this broad base. There have been over 3,000 redundancies in the last year, notably the closure of a British Steel rolling-mill will the loss of more than 800 jobs.

Consequently, unemployment in the Warrington area has doubled in the last year to 8,150. This is equivalent to 12 per cent of the workforce—above the national average of 10.6 per cent, but below the regional average of 12.9 per cent.

The position would be even worse but for the New Town developments, which in the last financial year led to the creation of 1,650 new jobs, including 400 at British Nuclear Fuels and 300 (some part-time) at Fine Fare.

The problem is that there is a mis-match between the predominantly male manufacturing jobs which are being lost and the very different new jobs being created. These often require specialist scientific training or are more suitable for women. And there is no likelihood of large-scale alternative manufacturing employment becoming available.

The town is, therefore, likely to be left for some time with a large pool of unemployed male manual workers. In the mid-1970s, less than a quarter of the workforce were in non-manual jobs and less than two-fifths were owner-occupiers. The housing is predominantly in red-brick terraces, the quality appears to be good, and the town is remarkably fresh and pleasant.

Until now the politics have been low-key. While the district council covering the whole borough is evenly balanced between the two major parties, Labour won 23 out of the 26 seats in the area covered by the constituency in 1979. And Labour won all these seats in the recent county council elections by margins ranging from 2-to-1 up to 10-to-1.

Even local Labour people concede that the constituency party has been pretty moribund. A special effort was required to drum up nearly 50 people to attend the General Management Committee to ensure a respectable number to qualify for the selection process later this month. There are apparently no signs of the Militant Tendency or other Left-wing factions and the general expectation is that a "moderate" (however refined) will be selected.

The social democrats are still in the process of getting established. The first meeting of their members in North Cheshire (covering parts of four constituencies) is due next Thursday. Mr David Harrison, a Labour activist when he lived in Norwich, is the convenor of the local SDP. He claims support of local people from a wide social background, but refuses to say how many have signed up ("a private matter," he claims).

Local party organisation may not, of course, matter much in practice given the probable extent of national media coverage and publicity.

Conversations with local people and the opinion poll published by the Sun newspaper on Thursday, suggest that the Tories will do very badly; that Labour still has a large bedrock of support; and that while there is a mood in favour of the social democrats, opinion is very volatile and the identity of the candidate may be crucial.

Nott stands firm on defence review

BY ELINOR GOODMAN

MR JOHN NOTT, Defence Secretary, and Mr Keith Speed, the former Navy Minister, yesterday took up their positions in anticipation of the key decisions soon to be taken by Ministers over Britain's defence commitments

With only three days to go before he presents his review to the Cabinet's overseas and defence committee, Mr Nott seemed to be preparing the ground for radical changes in defence expenditure.

He insisted that in the interests of getting value for money in defence spending it was essential that the Government conducted a searching review of the way it allocated its resources. He rejected the idea that Britain's defences could be adequately strengthened merely by spending more money on conventional weapons.

Mr Nott dismissed as nonsense suggestions that the problem of financing Trident had necessitated his review of defence spending, but there was little in his speech to assuage the fears of bte Navy lobby that the Navy might be the subject of the most sweeping changes.

Mr Keith Speed, who was sacked as Navy Minister because of his refusal to keep quiet about his fears for the service, again tried to rally the Conservative defence lobby against cuts in the Navy.

He still seems to be convinced that the kind of cuts in the Navy being considered before he was sacked are still on the table. Yesterday he gave a clear pointer to where he feared the axe would fall.

"If Labour had retained power at the last election, and was now proposing to curb planned defence expenditure; was unable to give assurances about the surface fleet and the future of the dockyards; was uncertain about new ship orders and had abolished the single-service Ministers: would the Conservative party, I wonder, have nodded gravely and supported the Government "in the national interest"? It would not. We would have raised the roof."

Mr. Nott, who will be accompanied by the Chief of the General Staff when he takes his review to a Cabinet committee for the first time on Monday, yesterday used a speech in Nottingham to explain his basic position.

He began by restating the Government's adherence to Nato objectives, but insisted that spending more and more money on defence was not in itself the answer.

He was engaged on a "searching operation to build from the bottom up a core-programme which would sustain both the equipment and manpower needs of the armed forces for the next decade.

Trident would account for 3 per cent of the defence budget. For that, Britain could get a "complete capability of great deterrent worth" and a force which would be cheap to run.

Mr. Nott's defence review, the biggest for more than 10 years, will go before a special Cabinet meeting on Wednesday week and be published in July.

Rolls-Royce plans to axe another 400 jobs

ROLLS-ROYCE plans to axe 400 jobs from the 3,000-strong workforce at its Leavesden aero engine factory near Watford by the end of next year.

The reductions will mean the loss of 250 white collar jobs and 150 shop floor jobs not directly involved in production. They follow plans to cut 120 white collar jobs announced earlier this year.

The company hopes to achieve the cut by natural wastage and voluntary means.

Ulster film dropped

PRESSURE from the Independent Broadcasting Authority has caused Granada Television to cancel a World in Action programme on the propaganda war in Northern Ireland.

The IBA objected to a 20 second scene which included a dead hunger striker lying in an open coffin surrounded by masked men. In the authority's view the sequence crossed the dividing line between reporting propaganda and adding to it.

Drilling stops

MARATHON OIL has had to cut short an appraisal drilling in the North Sea's geologically complex Brae Field at 15,121 feet because of sudden high pressures in the well.

Phone warning

OVER THE next three months telephone users will receive a leaflet with their quarterly bills, warning that because of the risk of injury, damage or poor service, British Telecom will disconnect any customer who persist in connecting uncertified apparatus to the network.

£150m radar order

PLESSEY RADAR, part of the Plessey group, has won a substantial order from the UK Ministry of Defence for its three dimensional radar system. This will bring the value of orders for this system to nearly £150m.

Simulators sold

REDIFFUSION Simulation has received orders worth more than £22m to provide flight simulators to U.S., Canadian and Middle East airlines.

£7m demolition grant

THE DEPARTMENT of the Environment has approved a £7m grant towards the demolition of the defunct British Steel Corporation plant at Corby, Northants. This will enable a new 250-acre industrial site to be created.

Seat belt claim

TRANSPORT Secretary Mr. Norman Fowler said in a Commons written reply yesterday seat belt tests carried out by the Sunday Times did not invalidate the advice of the Child Accident Prevention Committee that even small children were better protected when restrained by belts not designed for them, than if they wore none.

Burmah Oil questions morality of BP deal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE MORALITY of the Bank of England's purchase of Burmah Oil's holding in BP was called into question by Burmah in the High Court yesterday.

Mr Leonard Hoffman QC, for Burmah, said the legal principle that the courts would set aside a transaction where one side had taken unfair advantage of the other involved questions of morality and conscience.

Simply doing something that was morally wrong was not against the law, he said, but the court had to draw a line between taking advantage and taking such unfair advantage that the moral conscience was shocked.

The court had to decide whether the manner in which the Bank purchased the BP shares was morally reprehensible.

Mr. Justice Walton said if Mr Hoffman was right, "every time I am 'sold a pup' I have relief in law, because it is morally wrong for anyone to sell a pup."

It has often been said the court was a court of law, not of morals. Burham was trying to prove that morals came into the law, the judge said.

Burmah is asking the court to set aside the sale to the Bank in January 1975 of its 20.1 per cent stake in BP. The sale was part of a rescue package put together by the Bank to save Burmah from financial collapse.

The shares—for which the Bank paid £179m—now have a market valuation of nearly £1.2bn.

Burmah complains that the Bank, at the government's insistence, imposed unfair terms on Burmah and got the shares at a gross undervalue.

Mr Hoffman earlier told the court that, until the package was presented to it on January 22 1975, Burmah had believed—on the strength of what it had been told by the Bank—that the shares would be bought at their quoted price and that Burmah would share in the profits of any resale, but the Government had insisted on a lower price and rejected profit-sharing.

The Bank had been told that unless it gave more help, Bur-Burmah would go down. Its response had not been encouraging It had said further support was unlikely while Burmah still had a saleable asset: the BP shares.

The hearing continues on Monday, when Burmah will begin calling its witnesses.

Jobless in Wales 'will rise 50,000'

By Robin Reeves

THE NUMBER of unemployed in Wales will rise by 50,000 to 200,000 by the end of next year, according to a forecast published yesterday by the Economic Research Institute at University College, Bangor. This would represent 16 per cent of the workforce.

The forecast, based on the Treasury's latest prediction of output, also projects UK unemployment by the end of 1982 at 3.2m or 13 per cent of the labour force, compared with the Chancellor of the Exchequer's forecast of 2.7m.

Just over a year ago, the institute predicted that the number of Welsh jobless, even on the most optimistic assumptions, would reach 147,000 by the end of 1981 compared with less than 100,000 in March last year.

The UK's economy growth has fallen by 2 per cent this year, rather than recovered, as predicted in the 1980 Budget statement. Welsh unemployment is now at 148,000.

The institute expects the number out of work in Wales by the end of this year to reach 172,000.

Lords committee favours London docklands redevelopment plan

BY ANDREW TAYLOR

A THREAT to the Government's plans to establish a new urban development corporation to mastermind the redevelopment of London's dockland areas was removed yesterday. A House of Lords select committee ruled that the scheme could go ahead with only a minor modification.

Mr Peter Shore, the Shadow Chancellor, and a former Environment Secretary, described the committee's decision as surprising, deeply disappointing and a further blow to local democracy. He said that members of the London Docklands Development Corporation would be appointed by Government and would take responsibility for dockland development away from elected local authorities.

Mr Shore said that a future Labour Government would have wide-ranging powers to reduce the scope and responsibility of the new corporation for dockland redevelopment.

The House of Lords committee had been asked to consider whether the areas specified by Government "should be designated as an urban development area. Lord Cross, announcing the committee's decision, said that an urban development corporation for London's dockland was acceptable. Also, all the areas designated by Government should be included within the corporation's boundaries with the exception of the Royal Mint site.

Mr. Paul Beasley, leader of the Labour-controlled Tower Hamlets council, said that the establishment of an urban development corporation accountable only to Government amounted to "a rape of docklands." Residents in the dockland boroughs would now have no way of influencing decisions over the kind of development which took place in their neighbourhoods.

The committee's decision is a blow to anumber of Labour controlled dockland boroughs which strongly oppose the Government's scheme. These had asked the committee to exclude from the corporation a number of strategic London development sites.

Call for creation of 'enterprise culture'

BY ROBIN REEVES

EMPLOYERS were urged yesterday to allow their workers to engage in spare-time jobs in order to help to create a new wave of small businesses.

Mr Walter Goldsmith, director general of the Institute of Directors, told its Wales branch in Cardiff this and other radical measures were essential if Britain was to create an "enterprise culture" central to Mrs Thatcher's plans.

Economic recovery alone, however strong, would not replace the hundreds of thousands of jobs displaced in traditional heavy industries.

The institute felt the Government's recent initiatives to encourage new business enterprises, while welcome, fell far short of its aim of creating an entirely new climate for entrepreneurial activity.

"The generation of new, smaller and high technology businesses requires the removal of every obstacle confronting the potential entrepreneur," Mr Goldsmith said.

"The time has come for employers to encourage their employees tempted to branch out into new business to do so without imperilling their main income."

He noted that those taking up a new self-employed business activity — taxable under Schedule D — already enjoyed what amounted to a delayed period before the first tax was payable.

"The institute is urging the Government to take this a stage furter by exempting from tax the first £5,000 of income from such a business."

"An enormous number of people who do not wish to abandon their existing jobs could think of some spare time activity to boost their income. Now is the time to harness this entrepreneurism to the real economy, to help boost demand and, in the longer-term, provide a nucleus of new businesses and new jobs."

Building activity perks up, but only in private sector

BY WILLIAM COCHRANE

THE CONTRAST between public and private house-building trends this year was underlined again by Government figures published yesterday.

Private sector starts, seasonalyl adjusted, were up 19 per cent in the February to April period compared with the previous three months, and 5 per cent higher than a year earlier.

Making similar comparisons starts in the public sector were down 18 per cent compared with the November/January period and were 52 per cent lower than a year earlier.

Yesterday's figures, published by the Department of the Environment, show total house-building starts on the seasonally adjusted basis up 8 per cent on the previous three months and 17 per cent lower than February to April, 1980.

In the private sector, the recovery is relative. In 1980 as a whole, private starts fell to 97,400 dwellings from 144,100 in 1979.

Council auditing by private firms discussed

BY ROSEMARY BURR

SECRET TALKS took place this week between Mr Michael Heseltine, Environment Secretary, and leading members of the English accountancy profession. The meeting, at the Minister's request, discussed the future role of private firms in the auditing of local authority accounts.

At present local authorities are audited by district auditors and although private firms are not formally excluded, the Government Audit Code of Practice lays down a series of conditions that have to be satisfied before they can audit local authorities.

In practice these conditions—which include the requirement that everyone connected with the audit has had two years' experience in the field—have meant that private firms have not found it worthwhile to do local authority audits.

While some accountancy firms would like to see a situation where all audits are open to tender, others now advocate a system of joint auditing with a private auditor working in tandem with the district auditor.

The Consultative Committee of Accountancy Bodies, which representst he majority of accountants in England and Wales, is expected to reply in writing to Mr Heseltine's request next week. This reply is bound to propose a greater role for private firms in the process of local authority audits.

Any relaxation in the 1973 code making it easier for private firms to do local audits is bound to elicit opposition from the Chartered Institute of Public Finance and Accountancy (CIPFA), which includes district auditors among its members. On previous occasions when the subject has been discussed, CIPEA has objected to moves to relax the code on the grounds that local authority audits are highly specialised.

News of the meeting between representatives of the accountancy profession and Mr Heseltine emerged yesterday. On Thursday, Mr Tom King, Local Government Minister, warned councillors and senior finance officers at the Chartered Institute of Public Finance and Accountancy conference in Bournemouth that local authorities "could face more central control".

Mr King was speaking three days after Mr Heseltine had told Parliament that he would seek to limit local authority rates by withholding grants to overspending councils.

Several local authorities have independently sought the advice of outside accountants to carry out spending reviews. This week, London's Hammersmith and Fulham Council appointed Arthur Young McClelland Moores to complete a three-week study of the council's expenditure. The review will attempt to show how the council's objectives can be achieved more cheaply.

Other local authorities have asked accountancy firms to tender for similar reviews. Many major accounting forms, faced with pressures from companies to contain audit fees — the mainstay of their income—welcome business from local authorities as providing an additional source of revenue.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 226 COMPANIES

The regular Financial Times table of company profits appears below. It is compiled from reports published up to the end of April, 1981, by 226 companies whose account year ended in the period between July 15 1980 and October 14 1980. The figures are in £000, and the corresponding figures for 1979 are given in brackets. Successive tables in this series are not strictly comparable, because the sample of companies is always different. But on this occasion the comparison between this table and the previous one (which appeared on February 28) is of some interest, since the reporting years extend for the first time through the second quarter of 1980 and into the third quarter.

This means the results summarised in today's table will include at least three months—probably nearer six—of steeply decreasing demand. February's table had yet to show more than a hint of the recession which Government production statistics show to have begun in earnest as long ago as the final quarter of 1979. The 135 industrial companies included in it were able to muster a very slight—0.7 per cent—improvement in pre-tax profits, and their combined earnings rose by 5.1 per cent. In this table 164 industrial companies suffered a fall of 3.9 per cent at the pre-tax level, and 8.6 per cent in earnings. Worse is certainly in store.

INDUSTRY	No. of Cos.	Trading Profits (1)	% chnge	Profits before Int. & Tax (2)	Pre-tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	10	54,113 (47,597)	+13.7	43,576 (39,161)	33,890 (33,379)	9,479 (7,793)	23,417 (24,440)	—4.2	6,432 (5,356)	+20.1	25,362 (25,722)	224,424 (189,498)	19.4 (20.7)	94,089 (78,929)
CONTRACTING & CONSTRUCTION	5	13,267 (10,146)	+30.8	11,284 (8,522)	6,713 (6,547)	2,200 (1,827)	4,735 (4,720)	+0.3	2,020 (1,934)	+4.5	4,222 (4,325)	69,511 (58,140)	16.2 (14.5)	28,548 (25,186)
ELECTRICALS (EX ELECTRN. ETC.)	5	100,229 (112,194)	—10.7	58,859 (69,156)	26,880 (48,781)	6,393 (10,174)	20,473 (38,369)	—46.6	4,581 (4,870)	—5.9	57,697 (75,210)	396,523 (370,341)	14.8 (18.7)	165,668 (157,536)
ENGINEERING	30	165,278 (141,910)	+16.5	128,838 (109,342)	101,993 (91,682)	36,447 (25,446)	53,226 (64,527)	—2.0	21,389 (21,024)	+1.7	69,842 (70,535)	815,755 (710,841)	15.8 (15.4)	357,869 (310,459)
MACHINE TOOLS	3	3,794 (3,511)	+8.1	2,271 (2,230)	496 (1,062)	207 (233)	252 (795)	—68.4	245 (410)	—40.2	1,126 (1,297)	30,974 (31,629)	7.3 (7.1)	12,767 (14,411)
MISC. CAPITAL GOODS	9	95,507 (89,269)	+7.0	74,736 (71,163)	55,021 (57,113)	17,457 (14,805)	36,776 (41,006)	—10.3	11,340 (13,867)	—18.2	43,568 (42,258)	489,448 (433,272)	15.3 (16.4)	208,813 (188,029)
TOTAL CAPITAL GOODS	62	432,188 (404,627)	+6.8	319,564 (299,374)	224,992 (238,564)	72,183 (60,278)	148,879 (173,860)	—14.4	46,007 (47,461)	—3.1	201,617 (219,245)	2,026,635 (1,793,621)	15.8 (16.7)	867,754 (774,560)
ELECTRONICS RADIO & TV	2	1,769 (2,396)	—26.2	1,095 (1,776)	975 (1,718)	513 (585)	416 (1,080)	—61.5	184 (228)	—19.3	630 (1,212)	6,599 (6,081)	16.6 (29.2)	3,039 (2,647)
HOUSEHOLD GOODS	8	5,005 (14,897)	—66.4	—754 (10,036)	—5,135 (8,078)	564 (1,565)	—5,781 (6,415)	—190.1	923 (2,117)	—56.4	—2,045 (8,235)	75,410 (72,922)	— (13.8)	19,964 (25,445)
MOTORS & COMPONENTS	7	59,052 (56,777)	+4.0	40,945 (41,683)	18,554 (28,718)	6,435 (4,715)	10,630 (22,660)	—53.1	3,881 (8,211)	—52.7	23,188 (28,320)	467,104 (395,441)	8.8 (10.5)	165,813 (149,841)
MOTOR DISTRIBUTORS	12	151,324 (161,183)	—6.1	90,843 (115,043)	61,357 (94,450)	17,891 (23,879)	39,701 (68,054)	—41.7	14,248 (14,571)	—2.2	73,749 (95,718)	852,621 (777,535)	10.7 (14.8)	236,444 (262,885)
TOTAL CONSUMER DURABLES	29	317,150 (235,253)	—7.7	132,129 (168,538)	75,751 (132,964)	25,403 (30,767)	44,966 (98,209)	—54.2	19,236 (25,127)	—23.4	95,522 (153,485)	1,401,734 (1,251,979)	9.4 (13.5)	425,260 (440,818)
BREWERIES	10	332,463 (298,009)	+11.6	237,565 (231,372)	194,956 (198,963)	65,444 (49,762)	122,971 (142,954)	—14.0	41,760 (38,176)	+9.4	146,083 (160,211)	1,859,926 (1,410,564)	12.8 (16.4)	118,830 (119,182)
DISTILLERIES & WINES	2	8,358 (7,179)	+16.4	7,480 (6,387)	6,251 (5,128)	191 (135)	6,054 (4,987)	+21.4	1,727 (1,351)	+27.8	5,006 (4,184)	52,111 (41,934)	14.4 (15.2)	31,760 (29,026)
HOTELS & CATERERS	3	280,704 (232,399)	+20.8	229,028 (188,698)	156,721 (140,716)	30,995 (30,444)	122,826 (106,705)	+15.1	34,987 (30,271)	+15.6	137,376 (118,038)	1,879 583 (1,125,484)	12.2 (16.8)	140,250 (74,914)
LEISURE	10	136,029 (126,903)	+7.2	78,077 (72,725)	71,165 (67,747)	33,016 (29,330)	37,513 (38,164)	—1.7	13,426 (12,295)	+9.2	79,099 (77,581)	347,250 (305,577)	22.5 (23.8)	—36,945 (—27,588)
FOOD MANUFACTURING	4	154,590 (140,545)	+10.0	110,563 (96,638)	61,481 (58,297)	18,036 (23,033)	39,753 (33,305)	+19.4	16,173 (15,804)	+2.3	64,517 (58,712)	819,754 (839,514)	13.5 (11.5)	270,551 (258,447)
FOOD RETAILING	5	83,893 (60,774)	+38.0	64,875 (48,627)	55,471 (46,014)	17,039 (15,196)	37,939 (30,803)	+23.2	12,203 (9,794)	+24.6	44,023 (32,666)	269,680 (211,485)	24.1 (23.0)	16,924 (—9,569)
NEWSPAPERS AND PUBLISHERS	5	45,922 (45,742)	+0.4	31,754 (36,933)	28,971 (33,715)	12,590 (14,555)	16,339 (18,843)	—13.3	4,886 (4,326)	+12.9	23,697 (22,780)	148,285 (156,196)	21.4 (23.0)	18,586 (35,086)
PACKAGING AND PAPER	2	9,691 (11,824)	—18.0	4,590 (6,725)	2,451 (5,271)	— (730)	2,420 (4,511)	—46.4	925 (1,524)	—39.3	5,309 (6,935)	45,455 (44,542)	10.1 (15.1)	8,062 (9,671)
STORES	6	45,381 (45,303)	+0.2	33,794 (37,346)	25,664 (34,167)	2,240 (1,736)	23,440 (32,247)	—27.3	7,452 (6,609)	+12.8	26,624 (32,907)	242,052 (255,313)	14.0 (14.6)	14,229 (19,536)
CLOTHING AND FOOTWEAR	3	9,315 (9,184)	+1.4	7,644 (7,572)	6,287 (6,812)	2,314 (1,892)	3,898 (4,880)	—20.1	1,050 (878)	+19.6	4,218 (5,285)	41,521 (37,738)	18.4 (20.1)	21,017 (21,125)
TEXTILES	8	11,425 (13,593)	—16.0	6,907 (9,037)	5,169 (7,933)	2,665 (2,939)	(2,471) (4,582)	—46.1	1,389 (1,498)	—7.3	4,738 (6,918)	62,700 (66,798)	11.0 (13.5)	27,251 (26,349)
TOBACCO	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TOYS AND GAMES	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TOTAL CONSUMER NON-DURABLES	58	1,117,771 (991,455)	+12.7	812,277 (741,058)	614,787 (604,763)	184,580 (169,752)	415,624 (421,981)	—1.5	135,968 (122,526)	+11.0	540,690 (526,217)	5,768,297 (4,495,105)	14.1 (16.5)	630,315 (556,177)
CHEMICALS	3	229,804 (220,307)	+4.3	156,573 (137,850)	75,217 (81,667)	24,081 (26,850)	43,718 (47,099)	—7.2	16,550 (15,146)	+9.3	117,738 (112,123)	1,240,075 (1,147,087)	11.0 (12.0)	225,321 (226,670)
OFFICE EQUIPMENT	1	2,182 (1,916)	+13.9	1,683 (1,522)	1,530 (1,405)	— (—)	1,462 (1,315)	+11.2	194 (163)	+19.0	1,647 (1,453)	5,577 (4,110)	30.2 (37.0)	3,743 (2,546)
SHIPPING	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISC. INDUSTRIAL	11	250,389 (209,306)	+19.6	191,136 (157,508)	146,881 (125,582)	48,083 (43,660)	96,655 (79,057)	+22.3	34,512 (28,498)	+21.1	116,748 (100,179)	893,392 (842,234)	21.4 (18.7)	201,789 (164,310)
TOTAL INDUSTRIALS	164	2,249,484 (2,062,864)	+9.1	1,593,362 (1,505,850)	1,139,158 (1,184,945)	354,330 (331,507)	751,304 (821,521)	—8.6	252,467 (238,921)	+5.7	1,073,962 (1,092,702)	11,335,710 (9,534,136)	14.1 (15.8)	2,354,182 (2,165,071
OIL	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
BANKS	1	111,900 (105,504)	+6.1	100,100 (96,623)	100,100 (96,623)	39,000 (35,410)	61,000 (61,159)	—0.3	11,000 (8,811)	+24.8	61,300 (60,867)	585,800 (544,000)	17.1 (17.8)	372,600 (310,000)
DISCOUNT HOUSES MERCHANT BANKS etc.	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
HIRE PURCHASE...	2	231,262 (186,435)	+24.0	179,340 (146,612)	29,687 (49,429)	9,132 (14,446)	19,804 (34,313)	—42.3	6,411 (5,669)	+13.1	64,576 (67,828)	773,889 (651,848)	25.3 (22.5)	327,968 (267,650)
INSURANCE	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	2	9,996 (10,464)	—4.5	8,265 (8,864)	7,619 (8,045)	3,985 (4,610)	3,382 (3,379)	+0.1	1,765 (1,716)	+2.9	(2,605) (2,504)	22,139 (21,769)	37.3 (40.7)	5,431 (4,156)
INVESTMENT TRUSTS	41	65,673 (55,034)	+19.3	64,923 (54,030)	56,380 (44,914)	19,307 (15,858)	35,649 (27,712)	+28.6	31,906 (25,614)	+24.6	3,672 (2,103)	1,122,329 (920,611)	5.8 (5.9)	687 (9,510)
PROPERTY	5	60,632 (51,122)	+18.6	58,647 (49,279)	30,240 (22,161)	11,545 (8,491)	18,403 (13,354)	+37.8	12,741 (9,159)	+38.7	6,581 (5,127)	920,433 (838,117)	6.4 (5.9)	46,049 (46,882)
MISC. FINANCIAL	5	68,753 (44,000)	+56.3	65,897 (42,107)	27,090 (15,940)	14,324 (7,589)	12,736 (8,321)	+53.1	3,645 (2,280)	+68.6	10,251 (6,943)	300,925 (235,135)	21.9 (17.9)	18,720 (11,182)
TOTAL FINANCIAL	56	548,216 (452,559)	+21.1	477,172 (397,515)	251,016 (237,112)	97,293 (86,404)	150,974 (148,258)	+1.9	67,663 (53,279)	+27.0	148,985 (145,372)	3,725,515 (3,211,480)	12.8 (12.4)	769,455 (649,380)
RUBBERS	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TEA	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TIN	2	5,158 (5,111)	+0.9	4,571 (4,542)	4,571 (4,542)	2,420 (2,648)	2,151 (1,894)	+13.6	1,252 (1,093)	—14.6	1,314 (1,257)	7,645 (6,755	59.8 (67.2)	413 (1,420)
MISCELLANEOUS MINING	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OVERSEAS TRADERS	4	379,262 (216,468)	+29.0	238,404 (182,295)	141,585 (116,539)	49,594 (32,250)	66,806 (69,473)	—3.8	34,610 (25,348)	+36.5	66,691 (73,242)	1,354,978 (1,141,001)	17.6 (16.0)	242,305 (146,111)
TOTAL COMMODITIES	6	284,420 (221,579)	+28.4	242,975 (186,837)	146,156 (121,081)	52,014 (34,898)	68,957 (71,367)	—3.4	35,862 (26,441)	+35.6	68,005 (74,499)	1,362,623 (1,147,756)	17.8 (16.3)	242,718 (147,531)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income properly belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc., and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses, insurances, etc.

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

UK NEWS

Liquidity position of industry worsens

By David Marsh

THE liquidity position of British industry deteriorated in the first quarter this year, reversing the improvement seen in the last quarter of 1980, according to the latest Department of Industry survey.

The drop largely reflected worsening liquidity at non-manufacturing companies although liquidity of the manufacturing sector also declined slightly after an improvement in the previous two quarters.

The survey was carried out among 212 large companies. The results are published in the latest edition of the Trade and Industry Departments' magazine British Business.

They show companies' total current assets fell £510m, seasonally adjusted, in the first quarter while total current liabilities rose £460m.

The net worsening of £970m more than offset the improvement of £865m in the fourth quarter last year.

The liquidity ratio—assets as a percentage of liabilities—fell during the quarter to 73 from 86.

The magazine says the sharp fall in liquidity which started in mid-1978 seems to have ended, but there has been no sharp rise of the sort which followed the last trough at the end of 1974.

£500,000 for wildlife

THE World Wildlife Fund's 20th anniversary celebrations in London last month, sponsored almost entirely by major companies, raised more than £500,000.

Highlight of the fund's work this year has been its campaign to save the giant panda.

Lonrho and Grand Met appeals to be re-heard

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LONRHO and Grand Metropolitan have won the right to a re-hearing of their appeals against cancellation of gaming licences held by casino companies they acquired from the Coral Leisure Group.

The High Court yesterday quashed the dismissal by Knightsbridge Crown Court of earlier appeals.

Lord Justice Griffiths said that the Crown Court judge had failed to take account of the restructuring of International Sporting Club (London) and Palm Beach Club since their ownership changed.

In deciding whether the casino companies were fit and proper persons to hold gaming licences, the judge had taken account only of their past misconduct.

Lord Justice Griffiths thought that, even if the Crown Court had taken account of the restructuring, it might still have dismissed the appeals.

The High Court allowed Lonrho's and Grand Met's applications somewhat reluctantly—"because we do not look upon them as good samaritans coming to the rescue of the gaming public, as . . . we were invited to do, but because everyone, including gaming companies, is entitled to fair treatment under the law."

The casino companies' licences were cancelled by South Westminster licensing committee in September, when, said Lord Justice Griffiths, a whole catalogue of wrongdoing was revealed. There had been evidence of numerous and serious breaches of the Gaming Act over a number of years.

In December, Palm Beach Club was bought by Mecca Sportsman, part of Grand Met, and in January, AVP Industries, a Lonrho subsidiary, acquired International Sporting Club (London).

The appeals against cancellation were dismissed in March.

Lord Justice Griffiths said it was difficult to see why the Crown Court did not consider the restructuring of the casino companies by their new owners relevant.

Past misconduct was relevant and the sanction of licence cancellation would be devalued if people could run casinos disgracefully, make a great deal of money and then, when the licence was cancelled, sell to someone else.

But if ownership had changed, and there was evidence that the restructured licence holder had the capacity and intention to run the casino on different lines, that, and the general character and reputation of the new owners should be taken into account.

The applications had been opposed by the police and the Gaming Board.

British airline to buy 10 BAe 146 jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Air Ferries—an independent airline—intends to acquire at least 10 of the new four-engined BAe 146 feeder liner jets in the next two years, it was announced at the Paris Air Show yesterday.

BAF has put down an undisclosed sum to reserve positions on the production line, although it has not yet signed firm contracts.

The company expects to use the aircraft on its oil development charter operations in North Africa. It is also planning a new inclusive tour operation, called BAF Airtours, which it hopes to launch next year using at least four BAe 146s.

Mr Jeremy Keegan, managing director of BAF, said: "The 146 is just about ideal for our operation . . . Many areas we serve have rough unprepared air strips without any ground support, and the 146 is about the only 100-seater aircraft able to operate in these conditions.

The plane is due to make its maiden flight in mid-August.

● Belfast-based Short Brothers has broken into the American engine market, fighting off competition from four U.S. companies, it was announced at the Paris Air Show.

The company will design an experimental pod for the engine Pratt and Whitney is to offer Boeing 757 jet-liner customers.

The first American order is worth £1m but if Shorts wins some of the full-scale production work it will become a multi-million pound business.

Ski-ing holiday prices likely to fall

BY ARTHUR SANDLES AND ELAINE WILLIAMS

BRITAIN'S SKIERS may find their sport cheaper next winter than last, even if the pound slips somewhat.

With package tour prices based on the strong pound exchange rates of the spring and a degree of price guarantee built in, the omens are good.

The price-cutting battle between tour operators, which has been a feature of this year's summer holidays market, looks set to continue into the 1981-82 winter-sports season.

Several major winter-sports tour operators — including Swans and Inghams, subsidiaries of Swiss-based Hotel Plan, which together claim 46 per cent of the UK market, and Horizon Holidays—have unveiled their 1981-82 programmes showing examples of prices lower than those last season.

Thomson Holidays, the largest UK tour operator, will unveil its winter programme on Wednesday. It is expected to increase the number of holidays available and reduce some holiday package prices.

More than 360,000 Britons took a winter-sports holiday in 1980-81, and about 160,000 of them booked package holidays. Overall, the winter sports market is valued at £100m.

The new season's ski-ing brochures indicate renewed interest in Switzerland and Austria, countries which suffered in recent years because of the strength of their currencies against sterling.

Some companies, such as Inghams and Swans, offer price guarantees which enable clients to cancel without penalty if surcharges exceed 10 per cent. Horizon guarantees that it will limit any surcharges to £12 per week. Ski prices are thus likely to be favourable this year, whatever happens to sterling.

Another trend in the winter-sports market is the introduction of coach transport from the UK direct to Alpine resorts.

LABOUR NEWS

Benefits staff face suspensions

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is likely to step up the suspension of civil servants next week as action affecting benefit payments begins. Suspensions are likely to be particularly numerous if emergency payment arrangements break down.

The Council of Civil Service Unions yesterday announced that key computer staff in unemployment and child benefit computer centres will take action fro mMonday with the aim of inflicting huge admiinstrative pressures on the Government.

The action is in response to pressure from union members in the Departments of Employment, and Health and Social Security, where there are many union militants.

The unions are anxious that agreed emergency procedures—essentially the payment of benefits manually rather htan by computer—are stuck to, but following the Government's hard-line response in yesterday's pay talks there are strong doubts as to whether union leaders will be able to enforce this.

The TUC is apprehensive about any stoppage in benefit payments, and has been in close contact with the unions. The unions' council has set up a direct telephone link with the TUC for next week's action. Some TUC general council members are warning that if benefit payments are interrupted the civil service unions would get no support from their members if a national strike is called for.

A circular to staff in the two departments from the two unions representing them sets out the suspension threat, which was confirmed yesterday in Whitehall. It says: "If any members refuse to operate emergency procedures then it is certain that management will quickly move to the suspension of staff."

For the first time in the 13-week-old dispute, it says: "Such members once suspended would be without strike pay for an indefinite period." Previously the unions have always paid strike pay at 85 per cent of gross pay.

Union leaders are concerned that a refusal to operate the emergency procedures would give the Government a considerable advantage by giving them control of the escalation of action through applying suspensions. They believe this could be disastrous and threaten the organisation of the whole national campaign.

The effects of the action will be felt in four main areas:

● Unemployment benefit. Sixty staff at the department's Reading computer and 170 at the Livingston computer in Scotland will come out. Computer-processed payments will stop, and the work of the 20,000 staff in the 1,500 offices around the country will be severly disrupted as staff are switched to writing out Giro cheques for payment manually.

To help offices cope, the Government has suspended for at least the next four weeks fornightly signing by Britain's 2.5m unemployed. Notices announcing this will be displayed in local offices.

The department will try to keep local offices open, but has left it to local managers to decide whether they should be shut if there are public disturbances. The unions are pressing for their closure. If they are shut new claimants will have to seek subsistence from social security offices in the form of supplementary benefit.

● Supplementary benefit (SB). No direct action will be taken as yet by the 50,000 staff in 520 local social security offices, though because of overspill from closed or otherwise affected unemployment benefit offices, pressure is likely to build up in local social security offices and union leaders expect long queues.

● Child benefit. Forty staff from the child benefit computer at Washington in Tyne and Wear will come out on Monday. This will stop the payment of new claims and adjustment of payment because of changes in circumstance. New claims and changes of circumstance occur at the rate of about 10,000 a week, or about 20 per cent of local office work. Only a small proportion of these claimants will be entitled to supplementary benefit as an alternative and that will be decided on a hardship basis. New claim books will be unavailable after about five weeks, but the Post Office is expected to pay out on expired book stubs.

● Pensions. Union leaders believe there is now a "potentially serious threat" to pension payments because of action throughout the dispute by 250 staff at the social security department's contributions computer at Newcastle. They believe that within about a month, new pensioners, of whom there are about 500 a week, will be unable to get pension books.

Some union officials have been urging that the planned emergency arrangements be ignored in order to put greater pressure on the Government.

Murray attacks 'quit Ulster' call

By Our Labour Staff

A CALL to trades councils to support a policy of British disengagement from Northern Ireland was denounced yesterday by Mr Len Murray, TUC general secretary.

The call came from the Greater London association of trades councils in a motion for debate tomorrow at the trades councils' annual conference in Southport.

Mr Murray told the conference that such a policy would destroy the valuable non-sectarian and unifying role of the Ulster trade union movement and would split the Northern Ireland Committee of the Irish Congress of Trade Unions. He appealed to delegates to "kick it out."

Unions to campaign for rig agreements

FINANCIAL TIMES REPORTER

UNION OFFICIALS and shop stewards representing 4,000 North Sea maintenance workers will meet in Aberdeen on Monday to start a campaign aimed at securing union agreements for rig maintenance.

A local construction union official said in Aberdeen yesterday that the unions were fully prepared to take industrial action as a last step to bring about union recognition by contractors operating offshore.

Union agreements covering offshore maintenance workers have declined dramatically in the past two years. The unions hope to persuade major oil companies to insist that their contractors have a standard union recognition agreement.

There has been a fall-off in major construction and hook up projects, where big contractors negotiated agreements through the Oil and Chemical Plant Contractors Association. The maintenance market has grown and there has been more use of smaller contractors without agreements.

Yesterday Mr. Tommy Lafferty, Aberdeen official of the Amalgamated Union of Engineering Workers construction section said: "We are saying to the client oil companies that we want an agreement from them that nobody should work offshore without a standard trade union agreement.

The last dispute affecting construction workers offshore was early in 1979 when 7,000 workers on 14 North Sea installations went on strike for eight weeks

Warning from P & O officers

By Our Labour Staff

THE MERCHANT NAVY and Airline Officers Association warned yesterday that officers working on P & O ships were considering taking protest action from Monday because of a dispute with the company over a "flags of convenience" issue.

The union says it is fighting a P & O plan to sell four of its ships to a Greek company which would then be chartered back to operate with foreign crews.

Talks with the company on Thursday failed to produce a soltion. No further meetings have been planned ahead of Monday's deadline for imposing sanctions

The proposals to take up the flag of convenience are said to be the result of worries about the mounting costs of flying crews home on leave.

THE WEEK IN THE MARKETS

Gilts totter in the currency upheaval

LONDON

ONLOOKER

Forget rights issues. Or more cautiously, shuffle them to the bottom of the pending tray. Rather like the dog that did not bark, the first five trading sessions of the new account were notable for the big names which did not unveil hefty calls on shareholders — Allied Breweries and Beecham among them. Their reticence should have been cause for celebration but it wasn't to be. Currencies have been the name of the game this week; more particularly sterling's sharp fall against the dollar.

On Monday, the day before the foreign exchange scramble began events were dominated by the "dawn raid" which put 14.9 per cent of Eagle Star into the hands of one of Europe's biggest insurers, Allianz Versicherungs. Under the new rules, tortuously framed after the major bout of such breakfast time raiding last year, Allianz is now making a tender offer at 290p per share for a further 15 per cent.

That stung Eagle Star into action. The British insurance giant has now decided that it can lift its dividend by over 40 per cent this year and shareholders have been reminded that its asset backing per share is vastly higher than the terms offered.

The insurance sector came to life. But the market for insurance companies, insurance brokers and indeed any other company which earns a heavy proportion of its living in the U.S. was swept up by the major realignment of currencies.

Sterling's steep drop meant that several leading equities started to head higher but British funds, conversely, were sharply weaker. The possibility, distinctly plausible in theory, that the authorities would intervene through the interest rate mechanism hit the gilt edged market hard and yields responded by rising to as much as 15 per cent.

A nervous glance at prime rates in the U.S., where in one isolated instance the rate was raised to 21 per cent, the thought that Government would be forced to stifle what little industrial recovery that has been achieved by lifting MLR and a further intensification of the Civil Service dispute combined to take most of the shine off equities at the close, and after hitting 555.6 on Thursday, the FT Industrial Index was *back down to 546.3 yesterday* evening.

Downstream dilemma

The first quarter figures from BP have dramatically exposed the trough into which the group's refining, marketing and chemicals businesses — the downstream operations — have fallen.

Group net income has fallen *21 per cent to £395m on a historic* cost basis and current cost earnings, down from £150m to £10m, have almost disappeared. The company attributes the drop partly to a £500m increase in production taxes, but it also underlines the depression in European oil and chemical product markets.

BP *revealed that its chemicals* business, excluding Sohio, made an operating loss of £36m, *of which £34m arose in the UK.* Pure chemical companies have long complained that the upstream earnings of the oil majors have allowed them to subsidise their chemical operations and maintain unwanted capacity.

Certainly, with an estimated £300m of stock profits and a £175m contribution from Sohio in the first quarter, BP is in a position to support the occasional loss maker but its statement on Thursday suggested strongly that it would be applying the surgeon's knife to chemicals and its downstream activities, which have been plunged into very heavy losses by weak demand and BP's relatively high crude oil costs.

Rationalisation will not be easy. An ICI or a Courtaulds can point to a genuine evaporation *of earnings but, supported* by Sohio and the stock profit cushion, BP's net income should still be nudging £1bn this year. Pleading poverty in such circumstances may look a little perverse to the unions.

BP has managed to push through product price increases so the second quarter downstream earnings should look a little healthier, even if the benefit will be mitigated by the rise of the dollar against currencies such as the D-Mark in which BP sells its refined products. But a return to profitability still looks some way off.

Yeoman on guard

Yesterday Sir Charles Forte played what could be his last cards in his lengthy battle to take over the Savoy Hotel group. He announced that the Trusthouse Forte offer will not *be increased, and that it will* not be extended beyond June 19. But it still looks as though his *opposite number at the* Savoy, Sir Hugh Wontner, is holding a fistful of trumps in *the form of the votes* attaching to large numbers of the powerful "B" shares. He is also continuing to get strong support from small shareholders.

At the latest count THF has amassed *almost 60 per cent of* the Savoy equity, including its own market purchases, the shares committed to it by the Kuwait Investment Office, and the few acceptances by other shareholders. But this still leaves THF with only *37.3* per cent of the total votes.

Sir Hugh had an opportunity to play to the gallery at this week's Savoy annual meeting, where the board's fight to *remain independent* was enthusiastically backed. Shareholders were told of various propositions being looked at with a view to broadening the base of the group's operations overseas, where at present it only owns the small Lancaster Hotel in Paris. He hinted at the possibility of a deal involving the purchase of a *hotel in North* America for shares.

Any share issue could prove *controversial in view of the* continuing threat that Sir Charles Forte will pose, even if his offer fails on June 19. He has suggested he may try to maintain the alliance with the KIO, and come back with another bid after a year has elapsed. He is bound to be hostile to any proposals that will involve dilution of his strategic stake; and THF is likely to remain in the market during the *next two weeks, mopping* up any shares that come on offer.

RTZ blocks Ward

A week is a long time in the stock market. Last Saturday, it seemed that despite its determined opposition, Tunnel Holdings was set to fall into the grasp of Thos. W. Ward. Ward already had over 40 per cent of the votes under its belt and had been snapping up more in the market. With victory nearing its grasp, the odds were that Tunnel's shareholders would start to break and run for the cash offer, which closes next Monday, June 8.

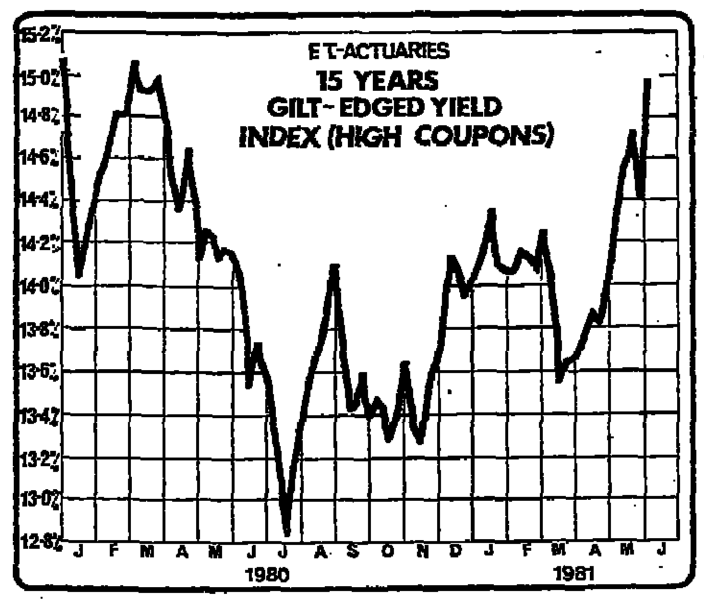
Today, by contrast, the betting is that Tunnel will retain its independence, at least for a little while. The balance has been tipped *in a dramatic way* by the intervention of the mining giant, RTZ, which revealed *on Monday that it had acquired* over 5 per cent of Tunnel's shares and which has been picking up more in the market ever since.

As a result, Tunnel's shares have remained firmly above the level at which Ward is allowed to buy in the market under the rules of the City code. Its offer never *looked* that generous anyway, and the incentive for accepting it has been consider*ably reduced by RTZ's willing*ness to buy shares at a higher price.

Short term speculators are able to sell out in the market to RTZ. Long term investors can continue to support Tunnel's successful management. And there is always the possibility that RTZ itself is contemplating an outright offer.

The group has said that it will not make a counter bid—but *it* has not indicated what it might do after Monday if Ward fails. In that event, the *betting must be that Ward will* be looking for someone to buy its Tunnel shares—which *might just be the moment* RTZ is waiting for.

For Ward, though, every cloud has a silver lining. Its shares have jumped ahead this week, on the assumption that its offer will fail and that it will make a substantial profit on its Tunnel holdings. With any luck, the cash receipts net of capital gains tax could be worth the equivalent of a figure approaching half Ward's present share price.



Beecham's cure

One way or another, Beecham unveiled its preliminary figures in rather a favourable week. The news, recently absorbed, *that approval has been granted* for a general UK launch of Augmentin, its latest antibiotic drug, *had started to warm the* share price up nicely. Then, on Thursday, the arguments for big overseas currency earners revived with much of its old force.

The result, anyway, was encouraging. Up £7m pre-tax at the halfway stage, full year profits climbed £13.8m to £150.6m thereby starting to free the former growth company from the rut in which it had seemed to be stuck.

The results included sales from the Bovril group of food products, acquired in April last year, but the effect on Beecham's profits was negative *to the tune of £600,000 after* financing costs.

Comparisons of growth rates between the two halves might imply some tailing off toward the end of the year but Beecham turned *some £5m off the Aqua*fresh promotional spending tap in the U.S. which favoured the first six months rather than the second. With the benefit of several new products coming through, such as the specialised antibacterial drug ticarcillin, the stock market is starting to look for over £170m pre-tax for the current year which is saying, in effect, that the frustrating years on the plateau are now firmly over.

Nothing is ever easy for a group involved, such as Beecham, in the harshly marketing orientated world of consumer products and the fiercely competitive field of pharmaceutical research and development where patent protection seems to become progressively weaker.

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1981 High	1981 Low	
F.T. Ind. Ord. Index	546.3	+ 3.8	597.3	446.0	Exporters—$ earners bought
F.T. Govt. Secs. Index	64.94	− 2.73	70.61	64.94	Weak sterling/int. rate fears
Atkins Bros. (Hosiery)	48	+15	48	33	*Annual results*
Beecham	203	+13	209	159	Augmentin drug approval/results
BP	360	−24	420	360	Oil gult, 1st quarter report.
Central Pacific Mins.	100	−40	415	80	Weak oil-shale stocks
Change Wares	40	−25	96	37	Weak after cap. reorg./rights
Commercial Union	169	+18	179	135	*Bid hopes*
Cradley Printing	20	+ 8	21	12	Speculative demand
Eagle Star	280xd	+51½	293	221	Allianz dawn raid and tender offer
Harrisons & Crosfield	850	−75	975	737	Lower annual earnings
Martin The Neswagent	262	+30	262	176½	Interim results
Muirhead	*113*	*+19*	*120*	*62*	*Bid hopes*
Myson	65	+23	68	25	Bid from consortium
Northern Mining	163	+23	175	94	Takeover speculation
Novo Ins. B	£105½	+19½	£105½	£46	Press comment
Polymark	105	−27	160	70	Bid talks terminated
Reckitt & Colman	*276*	*+24*	*276*	*174*	*Currency considerations*
Transparent Paper	44	+12	44	24	Speculative demand
Wetter Bros.	65	+23	68	25	Poor results, div. omission

Thinking it over

NEW YORK

IAN HARGREAVES

ENCOURAGED BY a drop in prime lending rates, the Dow Jones *industrial average popped* its head above the 1,000 mark on Monday, but discovering little re*assurance for its hope* that interest rates have peaked it went back down again to think *things over.*

The story of the week was that a series of economic statistics pointed to a weakening economy. April factory orders were down by 0.8 per cent, March *building* awards were down 6 per cent, May car sales showed no real improvement on *April, unemployment* in May was up from 7.3 to 7.6 per cent and wholesale or producer *prices rose 8.4* per cent.

So, with good reason, those who are forecasting a drop in inflation this year *gained confidence* about their resources. The expected drop in oil prices started to take place, meanwhile, and agricultural economists continue to rework their expectations on food prices in a downward direction.

The bond market, meanwhile, was also doing some thinking, at the long end of that market, the good news is that bond prices, which have appreciated by about 6 points in the last month, have held their own this week, in spite of aggressive *pressure from the federal re*serve in the short term markets.

That Fed pressure pushed short rates higher, put an end to any hopes of a rapid drop in the prime rate and even yesterday persuaded on medium size bank, Girard, to increase its rate from 20 to 21 per cent. But the picture—lower long yields, higher short rate—indicates long run confidence, short term anxiety.

Meanwhile in Washington, the tug of war over tax cuts *continued. Although* Wall Stret's impression that eventually Mr Reagan will go for a *compromise appeared* to be getting some support by the end of the week. The Bond market would certainly like such a compromise as it thinks the depth of the proposed tax cuts will add to the budgetary deficit and produce unacceptable strains in the credit markets.

What should a sensible stock market be doing in these circumstances? It should, obviously, be selling oils, buying basic industry stocks and waiting for the right moment to swoop for interest rate sensitive stocks.

The first part of the formula is easy. The market has sold off the oils a couple of times since Mr Reagan was elected precisely on this argument. *This* week, however, the market was convinced it had already done enough and produced no overall trend in oils. But if you take the period May 18 to the close on Thursday of this week (during which time the Dow Industrials registered negligible net change) most of the *oils* were off sharply.

Figures just published by Computer Directions Advisors, based on SEC filings by major institutions, show heavy institutional selling of oil stocks in the first quarter, although interestingly they continued to buy into purer crude oil production companies.

Unfortunately, though, the emergence of a conventional upcycle of demand which would benefit these big sectors is as *obscure* as it always was, not only because the pattern of the cycles has become harder to read, but because in these basic sectors, wider international competition disturbs the assumption that U.S. companies will necessarily do well in a modestly stronger economy.

The trick, as always, it to find *the companies within the sec*tors which can buck these trends and the sectors which will gain from the circumstances.

For institutional investors, the answer to this conundrum comes in three parts: The highest quality stocks in the basic sectors (say, General Motors); stocks likely to do well from an upswing in consumer spending (such as entertain*ment, airlines and electricals,* taking in en route some strong foreign companies whose stocks are traded in New York, such as Sony and Matsushita), and to intensify the search for growth stocks in a wide spectrum of fields, from high technology to retailing.

This positioning for the recovery is what we have been seeing lately in the stock market. It does not involve a net purchase *of stocks heavy* enough to drive the whole market significantly higher. That can only come when interest rates come down and reduce the relative attractiveness of short term money market investments.

MONDAY	997.96	+ 6.21
TUESDAY	987.48	−10.29
WEDNESDAY	989.71	+ 2.23
THURSDAY	986.74	− 2.97

Insurance gets a shake-up

ROYAL EXCHANGE

RICHARD LAMBERT

THREE CHEERS for the Allianz. The raid mounted on Monday by this German insurance giant on the shares of Eagle Star has sent a perceptible and much needed ripple of alarm through the management of the UK insurance sector.

For too long, a number of large insurance companies have tended to regard their shareholders as nothing more than a convenient source of new capital. Some of their rights issues have been highly opportunistic, and dividend policies have been niggardly. Shares in the sector have been a poor investment over the past decade, and prices have drifted far below asset value.

Now the companies have learnt that there is a price to be paid for this attitude. According to some reports, institutions were falling over themselves to sell their Eagle Star shares on Monday.

For Sir Denis Mountain, Eagle Star's chairman and grandson of the man who founded the company over 60 years ago, it has been a week of trauma. An urgent message was waiting for him when he arrived at the office at 9.40 on Monday morning. An unknown buyer had been snapping up lumps of the company's shares in the market that morning — including, it seemed, the Kuwait Investment Office's stake of over 5 per cent.

Just over an hour later, Sir Denis was sitting down with representatives of Allianz and its merchant bank, Morgan Grenfell. *Their message was painful.* Allianz had acquired 14.9 per cent of the company's shares, and under the *new rules for* dawn raids which were drawn up in the City last year, it planned *to make a tender offer* to all shareholders for a further 15 per cent. The offer would be at a maximum price of 290p per share, and would close at 3 pm next Tuesday, *June 9.*

Allianz was no stranger to Sir Denis. The German group had approached Eagle Star last autumn with plans for mutual co-operation, which would have involved Allianz taking a stake of 25 per cent in the UK company's shares. The Germans apparently stressed that they would only want to come in on a friendly basis, and the matter appeared to have ended when Eagle Star's board turned the proposal down.

Instead, Allianz is now mak*ing a direct appeal over the* board's head to Eagle Star's 26,000 shareholders. The Moun*tain family* is closely associated with the UK company—Sir Denis *succeeded his father as* chairman—but it does not have a significant equity interest. To fight off the Germans, Sir Denis had to produce in double quick time some convincing explanations as to why a share which had been trading at under 240p should suddenly be worth over 290p.

By Thursday, the defence document *was ready.* Its first argument is that although a holding of just under 30 per cent would not give Allianz control in terms of the City's Takeover Code, it could well leave Allianz in a position to block any future bid by someone else.

In addition, Sir Denis says that *it could limit Eagle Star's* investment policy and expansion plans. There could be *difficult conflicts of* interest with Allianz, he argues, and some of Eagle Star's customers *could* be uneasy about doing business with a company whose independence was uncertain.

Moreover since the original talks with Allianz ended last November, the UK group has been exploring the scope for co-operation with other partners. Sir Denis says that deals are close to being finalised in certain overseas territories.

But the battle will be won or lost on the question of price. Eagle Star's portfolio of general *insurance business is of mixed* quality. It is a leader in U.K. employers' liability, but its *record in some other* classes is not that inspiring, and it is much more reliant on the UK than the other big companies with only a fifth of its premiums arising overseas.

The jewel in its crown is a large and mature life business. This is a high quality source of secure and rising earnings, which contributed £11.8m to last year's pre-tax profits total of £65.9m.

Eagle Star has never given any proper indication of the real value of this business: it is in the books at a nominal £10,000. It now says that after adjusting this to a "realistic *value" and taking into account* the surplus over book value in certain other investments its *net assets per share are cur*rently in excess of 450p. This is about two thirds above the figure indicated in the last accounts.

In addition, the group has decided that it is now "appropriate" to adopt a more progressive dividend policy. So this year's payment is to rise by 42.9 per cent to 15p net per share.

Marvellous how the threat of a hanging helps to concentrate the mind.

On this basis, 290p is not a price at which long-term holders should contemplate a sale. The prospective yield at that level is 7.4 per cent, and the dividend should be about twice covered by this year's earnings. This yield is usefully higher than the comparable figure on the All-Share Index, whereas Eagle Star's high quality life earnings *might well justify a below aver*age yield.

In addition, the group has a *very strong balance sheet. If* anything, it is over-capitalised with a solvency margin (net *worth as a percentage of* premium income) of 85 per cent. The Board has confirmed *that there are no plans for a* rights issue.

The City being what it is *these days, it may be that there* are enough people interested only in short-term performance *to let Allianz win the day.* In that case, the shares would probably fall back for a while.

As an *insurance policy* against this, some stockbrokers are recommending their larger clients to tender a portion of their holdings at just under 290p.

But for *long-term holders* there would still be the possibility of an outright bid from Allianz a year or more hence. Sir Denis has made it plain that there will be no special favours for the German group even if it gets its shareholding up to nearly 30 per cent. "We will treat them just like all the other shareholders," he says. That can hardly be what Allianz has in mind.

A chink in De Beers' armour

MINING

GEORGE MILLING-STANLEY

ZAIRE'S SALE a week ago of diamonds to three independent dealers marks the end of a 14-year exclusive sales contract between the biggest producer of industrial diamonds in the world and **De Beers' Central Selling Organisation,** which handles the marketing of about four-fifths of the world's output of rough diamonds.

This is the first breakaway from the CSO by a *major producer* since the 1960s, when Ghana chose to go it alone. *Zaire's next sale is planned for* about the middle of this month.

Zaire's State - controlled *mineral marketing agency* **Sozacom,** which also manages the sale of the country's much more important copper and cobalt production, sold 620,000 carats of diamonds to two Antwerp companies, **Caddi and Glasol,** and **Industrial Diamond Company** of London.

At an average price of something like $10 a carat, Sozacom will have received a total of about $6m (£3m).

The average *price includes* a low of $2.80 a carat for the grey industrial boart which *makes up* the bulk of Zaire's production, but the sale also included several fine gemstones. All gems of 10 carats or more were put out to the three buyers at individual tender, and one stone of 29 carats fetched a price of just over $300,000.

Sozacom claimed after the sale that the price it had received for the industrial stones was 37 per cent above world market prices, but Antwerp dealers *feel that* the current local price of about $2.10 a carat is artificially low.

The CSO had known for some time that it was facing trouble in Zaire. As far back as February *1980,* President Mobutu Sese Seko decreed that Sozacom should assume responsibility for the marketing of all minerals produced by the country, and on April 2 this year, he ordained that this would take effect immediately.

Sozacom offered the CSO a share of between 25 and 40 per cent in the recent sale, but the organisation was adamant that it needed to handle the whole of Zaire's output if it was to retain its control over world prices.

On the eve of the sale, the diamonds were still in four separate piles in case the CSO had a last-minute change of heart, but the following morning they were re-sorted into three piles of equal value for the three independent buyers.

The principal difference the new arrangements will make in Zaire is that the cash flow of Miba, the major mine, will be improved, as the new customers paid the full cash price (in U.S. dollars) immediately.

Under the old system, which has reigned since 1967, the CSO used to pay Miba *80* per cent of an initial valuation, with the balance to be paid later after *detailed sorting and a recon*ciliation of the charges the CSO levied on Zaire for sorting and handling the stones.

These charges originally amounted to about 25 per cent of the value of the stones, but as more and more smaller diamonds were cut as gems, where before they had been classed as suitable only for industrial uses, the CSO lowered this figure to a maximum of 20 per cent.

This was made up of a fixed charge of 6.5 per cent as the *CSO's commission, or profit,* wtih a further amount of up to 13.5 per cent to cover expenses, for which a detailed reconciliation was provided.

Sozacom was naturally *delighted at the success of the* sale, and Miba claimed that it would be able to double production in two or three years' time.

Diamond output in Zaire has been falling for some years now. It reached a peak of 13.5m carats a year in 1974, but by 1980 this had fallen to 8.1m carats. Although the state's mining plan calls for 6m carats this year, production over the first three months suggests that it could be below 5m carats.

Zaire is approaching the end of production from the alluvial deposits around Miba, and has drawn up two alternative expansion plans. One of these calls for underground mining of the kimberlite pipes from which all diamonds originate, but this would require outside financial assistance.

Miba has held extensive talks with international agencies about financing its expansion plans, and while reports of a final agreement for a loan of about $80m are probably premature, it is known that a team from the World Bank was in Kinshasa, the capital of Zaire, at the time of the sale, and took a keen interest in proceedings.

While this sale brings to a close the CSO's exclusive marketing arrangement with Zaire, it does not exclude the organisation from the country altogether. Large numbers of diamonds, possibly as much again as the officially reported production, leave Zaire illegally, initially to the Republic of Congo or Burundi and thence to Antwerp.

These stones are eagerly sought by buyers in all three places, and the CSO has always been very successful in mopping them up at some point along the chain. There is no reason to suppose that the new arrangements will have any impact on diamond smuggling.

In addition, the CSO maintains a buying office 400 miles east of Kinshasa at Tshikapa, where diamonds were first discovered in Zaire in 1907. *These stones are believed to* have flowed out of the rich kimberlite pipes in Angola, created millions of years ago, and been transported by rivers to their present location in Zaire, where they were set down as alluvial deposits.

Because of their origin, these deposits are much richer in gems than elsewhere in Zaire, and although the output from the area is tiny in terms of carats when compared with the Miba production, it is sometimes worth the same amount in money terms.

The CSO said yesterday from its London offices that the Tshikapa area is currently operating normally, but is the subject of discussions with *Sozacom as to the future* mechanics of its operation.

It has been suggested that *the Zaire Government's* desire to regulate all mineral marketing through Sozacom extends to Tshikapa, and that in future all stones from this source will be sent to Kinshasa.

There, they would be sorted and valued before being offered to the CSO, which would have to pay in local currency rather *than in dollars, as at present.*

In any event, the CSO is still confident of its ability to satisfy current market demand for industrial diamonds, despite the loss of supplies from Zaire. After all, the organisation still either controls or has long-term contracts with producers in South Africa, South West Africa, Lesotho, Angola, Botswana and Tanzania, in addition to handling through intermedi*aries much of the exports from* the Soviet Union.

If the CSO needs any further *consolation,* two of the three buyers at Zaire's sale told me that they thought it would be *disastrous if the organisation* lost its leading position in the world diamond market.

Nevertheless, several independent diamond dealers still feel they can handle more stones, *despite the current sluggishness* in world markets, and I understand that at least three of the CSO's suppliers, Angola, Botswana and Tanzania, have already been approached.

The major shareholder in De Beers is, of course, the giant **Anglo American Corporation** via the latter's 52 per cent owned **Anglo American Investment Trust.** This week Anglo has announced a 64 per cent rise in earnings to R864.6m (£496m), equal to 383 cents per share, for the year to March 31 and has boosted its final dividend to 75 cents (43p), making a total for the year of 110 cents compared with only 70 cents last time.

This performance has surpassed most market estimates, but it has cut little ice as far as the share price is concerned. Anglo's major revenue earner continues to be gold, and the *earlier strength in the metal is* reflected in the latest results. Gold is now down—but far from *out—and lower revenue from* this source is likely in the current financial year.

Anglo's second major source of investment income is diamonds, which cannot be *expected to produce more in* the current financial year. The important South African industrial activities should continue to do well, but overall Anglo's earnings could show a decline this year.

It may not be much of a decline, but the group has prepared for this by placing a rather larger proportion of profits to reserve. In the circumstances, the share market feels that the shares are correctly priced at around 700p to yield just over 9 per cent.

But it is worth remembering that like De Beers—which offer a yield of 11 per cent—shares of Anglo are backed by net assets equal to £15.83 a share.

FINANCE AND THE FAMILY

Forfeiture of a lease

BY OUR LEGAL STAFF

A lessee of a flat agrees (a) not to underlet without first obtaining from the underlessee a covenant directly with the lessor to pay the covenanted contributions (i.e. service charges) and (b) to give the lessor notice in writing of any underlease within a month. If the flat were let without regard to these provisions, and assuming all due payments were made, what penalties would ensue for the original lessee?

The lease would be liable to be forfeited in either case; however in the case of the registration (notice) covenant the lessee would almost certainly be afforded relief from forfeiture, although possibly having to pay some costs. Relief in the former case would depend on compliance with the covenant.

Search on an intestacy

The only possible beneficiaries on an intestacy are three cousins of the deceased, with one of whom the only child of an aunt he had no contact for at least 50 years. After this lapse of time is the missing cousin entitled to a share in the estate and if so how much of it? If so, how should he be searched for? What proof would the Court need that a search had been made?

The male cousin is entitled equally with the other two. He should be sought in the locality of his last known address. If necessary, newspaper advertisements will have to be placed. The Court's requirements will depend on what is known about him.

Trees blocking light

Re your reply headed "Trees Blocking Light" (May 2), what is my right to lop overhanging trees if those neighbouring trees are the subject of a Tree Preservation Order?

A tree preservation order would prevent your applying the "self-help" rule, and you would have to seek an injunction by way of a court order, joining the local authority as a respondent to the proceedings.

Shares for a beneficiary

As I understand your reply under "Shares for a beneficiary" (May 2), an executor may transfer shares to a beneficiary without the latter having to pay any stamp duty or fees. Is it not the case that the executor would, in those circumstances, first have to get the relevant transfer(s) stamped with nominal (50p) duty and secondly, following a change of general practice in recent years, would it not also be necessary for the executor or the beneficiary to pass the transfer(s) through a broker to the appropriate company registrar(s) concerned, for which service brokers now normally charge a fee?

If the transfer is of shares comprised in residue no stamp other than 50p is required; nor is it essential to employ a broker.

Mortgages and foreclosures

My son owns a house on mortgage which would be difficult to sell or let and owing to unexpected commitments may find it impossible to continue the mortgage payments. Would the building society foreclose and, if unable to recover the amount of the mortgage from a disposal the property, could they obtain the balance from him?

If the Building Society has to have recourse to the property to repay the mortgage, it will normally sell, not foreclose; and the mortgagor (your son) can insist on a sale. If the sale realises more than the mortgage debt, the balance will be paid to your son. If, on the other hand, the sale price is not sufficient to pay off the mortgage debt, the Building Society can, and probably will, require your son to pay the rest of that debt, and sue him for it if necessary.

Not a genuine holiday letting

I let my flat for six months to a company for one of its executives to live in, serving the appropriate notice that it had been previously let for a holiday. If the company wishes to renew the lease for a further two months for the same executive, is there any danger of giving security of tenure by granting a further two month lease? The executive is looking for a property to buy in the area and at one point expressed an interest in buying my flat.

There is a risk that the second letting would not be a genuine holiday letting, whether it is for two months or more. The wiser course is not to re-let when you know that the same person will occupy; especially as he seems not to have taken the first letting for holiday purposes.

Right of way to nowhere

Two adjacent householders have "free use and access" to an 8 foot wide strip of land owned by me. The right of way was given originally so that the owner of the property three doors away could have access to land which he owned and which was not accessible from his garden. The present owner of the property has taken the land into his garden and has given up his right of way. The two other owners have a right of way to nowhere.

Is there a possibility that the right of way has been extinguished?

If the rights of way was expressed to be from the purpose of access from dominant owners' land to land which cannot now be reached, and this has been the case for a long period of time, it might be that the rights have been extinguished by abandonment. But if the ways were for the purpose of access to the road, or partly for that purpose, they will not have been extinguished.

Responsibility for rates

We moved into our newly built house 5 years ago and have not yet received any rate demand or assessment of rateable value. Could you inform me whose responsibility it is to inform the local rating authority of the existence of new property? When they are eventually informed, will I be liable to pay any or all of the rates arrears?

You will not be liable for rates before the beginning of the rating year in which the first proposal to place your house on the list is made. You have no obligation in law to make or prompt a proposal.

Tax relief and overseas earnings

In addition to my UK job I sometimes spend more than 30 days overseas consulting in a private capacity during the year. My Tax Inspector tells me that under Sec. 27 (1) of the 1978 Finance Act I can claim the 25 per cent tax relief on overseas earnings in one year, only if I have spent at least 30 days overseas during the following year. Previously I had been allowed the 25 per cent relief on earnings gained in the same year as the 30 days spent overseas. Which interpretation is correct?

What the inspector means is that the 25 per cent relief is given in the schedule D assessment for each year in which the 30-day qualification is satisfied (regardless of the fact that the assessment for that year may be based on the preceding year's earnings). The rule in section 27 of, and schedule 4 to, the 1978 Act was chosen for administrative convenience, not equity (nor logic), as was the preceding year basis itself.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Part disposal for CGT

I have recently granted a neighbour a right of way over a lane upon payment of a substantial sum that he may develop part of his garden for building. Could you please say how the consideration should be dealt with for tax purposes?

On the bare facts outlined, it seems likely that your only liability will be to capital gains tax, under the part-disposal rules in section 19(2)(b) of the Capital Gains Tax Act 1979. The best source of advice would be the solicitor who acted for you in the transaction.

Computation of dollar gains

Under Computation of Dollar Gains (May 2) you state that a dollar deposit account with a bank is not now exempted for Capital Gains Tax. Under what law does this matter come? How much of any gains is not taxable?

All gains arising upon withdrawals from foreign-currency bank accounts maintained by UK residents (regardless of domicile) have been chargeable to capital gains tax since 1967-1968. For the first two years of CGT, all bank accounts were exempt (overdrawn accounts still remain excluded, of course).

However, in 1969, retrospective exemption from CGT was granted (but not for the period from April 6 to November 18, 1967, oddly enough) in respect of any: "sum in an individual's bank account representing currency acquired by the holder for the personal expenditure outside the UK of himself or his family or dependants (including expenditure on the provision or maintenance of any resident outside the UK)."

As you will see, what matters is the purpose for which the currency was acquired (before being deposited with the bank), not the way in which it is in fact ultimately used upon withdrawal.

The rules are to be found in section 135 of the Capital Gains Tax Act 1979, which merely consolidates and reenacts earlier CGT legislation. A corresponding limited exemption for currency in specie appears in section 133.

There is no specific threshold for CGT on bank balances, but there is, of course, a general threshold of £3.000 for 1980-81 and 1981-82, under section 77 of the Finance Act 1980. The threshold varied in earlier years, and was effectively zero in some cases.

Losses on withdrawals from bank accounts are allowable for CGT (unless any gain would have been exempt). It makes no difference where the depositor is domiciled, because all bank accounts maintained overseas by UK residents are deemed (for CGT purposes) to be situated in the UK! This rule is in subsection 4 (c) of section 18 of the CGT Act.

Maintenance and children

My husband left me and my four children a year ago to live with a divorced woman, whom he wishes to marry. I have obtained a decree nisi but do not wish to make this absolute until all financial matters are settled. He is a professional man on a salary of £19,000. He allows me £330 a month and pays the mortgage. Could I demand more? He wants me to sell our house and move into a smaller one elsewhere, which I am unwilling to do. Further, he wants the agreement to specify that if I remarry the new house should be sold and the children's half share in it be paid to them, should I agree with this? My father-in-law left his estate to my husband, with a life interest to my mother-in-law. Can I make a claim on this inheritance for my children? Can I get a separate maintenance for the children, one of whom is shortly to go to University? Could my maintenance be made to rise with the cost of living?

On the salary which you state we think that you would not be likely to get a larger sum by way of maintenance than is at present paid (£330 per month) so long as the mortgage is paid by your husband. The guiding principle is one third of the joint income, and the size of the mortgage repayments would make up to that amount or more. Unless the present house is very much too large for you and the children it is unlikely that you would be required to sell it until the youngest child is of age. Whether the house is sold now or later we doubt if a court would require you to sell a smaller substitute on re-marriage—although it probably would require sale of the present house in the event of your re-marriage. All these matters should be carefully considered with your solicitors, as we can only advise in very general terms on the broad information supplied. We think that index-linking would not be feasible (except by mutual agreement). Separate maintenance for the children is practicable. Your husband's interest in the trusts of his father's will should be taken into account, as it seems to be a vested interest—and it may help to give you a larger share of the capital assets, i.e. the house.

Counting the true value of hearth and home

INSURANCE

ERIC SHORT

VERY FEW people have the remotest idea of the value of their possessions. Such is the experience of insurance companies in dealing with claims on household contents. And despite all the efforts of insurance companies, the general public still underinsure their goods in taking out contents insurance.

The diagram shows the average value placed by Royal Insurance on the contents of a four bedroom detached house. The owners of such houses guessing the value of the contents would not go much higher than £12,000. Why is it necessary to make a reasonably accurate valuation of one's possessions?

The modern insurance policy for house contents provides that any item lost, stolen, destroyed or damaged by fire, theft, flood, burst pipes or other perils will be replaced as new — the so-called "New-for-Old" policy. No allowance is made for wear and tear. If a carpet is damaged beyond repair, because the pipes burst after a frost, the insurance meets the cost of buying a new carpet, irrespective of when that old carpet was bought or its condition prior to the damage.

The insurance policy makes it a condition that the householder insures the contents for their full replacement value. The householder is insuring all the contents, so he should know their replacement value. But all too often he has not the faintest idea. A person who bought his three piece suite ten years ago usually guesses that the cost has risen by say 50 per cent, when it has probably trebled in value.

Underinsurance has been a problem for insurance companies ever since inflation rates got beyond a few per cent. Inertia plays a large part when people renew their insurances. They simply pay what the insurance company asks them. Pleas to revalue the contents to place an adequate value are for the most part unheeded.

The insurance companies, to overcome the problem, made the index linking of sums insured and premiums automatic and inertia meant that the public accepted the higher premiums. Indeed the general public has become inured to paying higher premiums each year for its insurance.

But index linking only half solves the problem of underinsurance. The initial value placed on contents must be correct and then index linking will keep the sums insured roughly up to date. This means the householder making an inventory of his possessions and finding out the cost of replacing each item.

Few people keep an inventory of possessions and it would take more than one weekend working solidly to make such a list. Then one has to window shop round the stores to find the up-to-date prices of items such as cookers, furniture, TVs and so on. Most people shy away from this exercise and guess.

A TYPICAL 4 BEDROOM DETACHED

Insurance companies are now trying to assist the householder in valuing his possessions. Royal Insurance has produced a leaflet that sets out its estimates of typical values for various types of house. Somebody has done the chore for the householder. The leaflet is updated each year and its main drawback is that it only covers four types of house.

It needs to be emphasised that these are typical values and that no householder is typical. The actual values can vary considerably from the Royal's assessment. And in the event of a total loss, the insurance company only pays out up to the sum insured.

Sun Alliance has adopted a different approach. This company is prepared to experiment to find out what its policyholders want to help them. It started by getting the prices of a whole range of household goods from a leading department store. It seemed a useful guide, but apparently the policyholders thought it too unrealistic. So now they have taken a particular policyholder and gone through his house room by room listing the value of contents. In many cases it simply guesses at values, such as the cost of replacing clothing. In other words it does what most policyholders would do in valuing their possessions.

The likely outcome of the line adopted by Royal and Sun Alliance is that householders will use the values given in the leaflet. This will not ensure that the value is correct for each householder. But it will be nearer than the present hit and miss methods and be correct on average for Royal and Sun Alliance.

Most other companies still stick to giving people a check list of the main items to be found, a list that varies very much in size and leave them to get on with it. This method still requires a lot of effort from policyholders.

The TSB Trust Company has adopted a novel approach on the lines which Royal has followed. It lists the average value of contents for typical houses covering a much wider range and fixes this value as the minimum sum insured. Policyholders have the option to make their own valuation if higher, but almost all stick to the minimum.

The TSB has just revalued its minimum sums insured this month, the second anniversary of the launch of its scheme. Sums insured have risen by around 10 per cent allowing for rounding off. The SB revalues in line with movements in the Retail Price Index, unlike many insurance companies which link to the Durable Household Goods Index of the general index of retail prices.

This latter index is the logical one to use since it relates to the cost of households only, the items being insured, whereas the RPI includes everything from the price of food, gas and electricity to the cost of various services. The TSB and others have adopted the RPI because it is well known, understood and documented, whereas the Durable Household Goods Index is only published in obscure trade journals.

The amount of premium paid for contents insurance depends on two factors. The first is the rate charged by insurance companies for the risk and the second is the sum insured to which that rate applies. Recently insurance companies have been making hefty increases in the rates to reflect the incidence of thefts, particularly in major cities. Policyholders will be relieved to hear that because of the recession the Durable Household Goods Index had only risen by 5 per cent in the 12 months to April 1981 reflecting the slashing by stores of furniture prices. This will soften the rate rise when renewal comes.

Unkind benefits in kind

TAXATION

DAVID WAINMAN

TWO OF THE qualities of which a tax practitioner stands most often in need are the ability to calculate coolly and logically, and a clear memory.

He needs both as soon as anyone mentions benefits in kind: that phrase evokes more overheated emotion and misguided morality than any other in the taxman's vocabulary.

Those whose memories are clearest can frequently point out that it was no tax reason which first caused a particular form of benefit to be provided for employees. Far more were spawned out of pay restraint than out of tax anomalies.

And changes in legislation during the past five years have largely if not entirely removed the tax rules which at one time may have afforded further incentives to employers already set on benefiting employees. Recalling all these changes is often more difficult even than remembering how the law now stands.

Salary		£16,900
Deduct married man's allowance	£2,145	
Interest paid on £25,000 qualifying houses loan at 6 per cent	1,500	3,645
		£13,255
Add benefit imputed at 9 per cent (15 less 6), on £12,500 non qualifying housing loan		£1,125
		£14,380

As a case in point, we could do worse than examine the income tax effects of "beneficial loans," those loans on which the employee pays nothing or only a low rate of interest to the employer who has lent him money. It was in 1976 that legislation was first introduced categorising low interest rates, or freedom from interest, as a benefit on which tax should be paid.

There was then, and still is, a de minimis provision which exempts small loans—the season ticket loan being the most obvious example. But above that, if the interest forgone by the employer is £200 or more per annum, then the employee can expect to be charged tax on his benefit.

The law dates from 1976, but in relation to the benefits derived from low interest, or free loans it only started to operate from April 1978. (A different provision, characterising as a benefit to the employee his employer's waiving a loan, commenced from April 1976, but let us concentrate in this article only on benefits in interest terms.)

Even when the new legislation started to bite from 1978, it could hardly be described as voracious. For the two years up to April 1980, the "official rate" of interest was 9 per cent. A benefit arose if the rate paid was less than that, but the measure of the benefit was only one half of the difference.

But from April 1980 the "half" was removed, so that the whole difference between the official rate and the amount the employee pays is chargable. And one month later, on 6 May 1980, the official rate was raised six percentage points, to 15 per cent—where it still stands.

Let us look at the effect on the employee who borrows £37,500 from his employer at 6 per cent for his new house. We will assume that he is a married man and that his earnings are £16,900.

The law sensibly allows us to ignore the first £25,000 of the borrowing: if the employee were to be deemed to be paying a higher interest rate on that figure, the extra income imputed would immediately be cancelled out by his claim for a deduction for the same higher interest.

Therefore the Finance Act requires no assessment nor gives any increased deduction on that £25,000, and the employee's taxable income is calculated as follows (See Table).

The exposition which follows is made simpler by the fact that the band of income between £13,251 and £16,750 is wholly liable at a 45 per cent rate of tax, but the principles hold true whatever marginal tax rates are applicable. Given these particular figures one can reasonably say that the £1,500 loan interest for which the employee has been allowed a deduction saved him tax at 45 per cent: and similarly, the tax cost to him of having an additional £1,800 of deemed income is 45 per cent of that figure.

His cash outflows in respect of itnerest on his housing loan are therefore:

Interest paid at 6 per cent on £37.500	£2,250
Less tax relief at 45 per cent on £1.500	675
	£1,575
Add tax burden at 45 per cent on "benefit" quantified at £1,125 (9 per cent of £12,500)	506
	£2,081

Had he borrowed from an employer who charged 15 per cent on the full £37,500 his total interest cost would have been £5,625: and after tax relief at 45 per cent for the interest on the qualifying £25,000, the net cash outflow would have come down to £3,938.

The difference between his cash outflows borrowing at 15 per cent and at 6 per cent is therefore £1,857 (£3,938 less £2,081). If his employer took to heart the Chancellor's exhortations to pay a proper salary in cash rather than to provide benefits in kind, then by giving its employee a rise in gross terms of £3,375 the employer could first put £1,857 net into the employee's pocket, and could then take it straight out again by charging him interest at 15 per cent in place of 6 per cent on the £37,500 he had borrowed.

Our final step is to ask ourselves where the increased salary payment, and the offsetting increase in its interest receipts, leave the employer. The salary increase was £3,375, as we have seen. The amount of interest which the employer could obtain by charging 15 per cent on £37,500 in place of 6 per cent is an equal and opposite £3,375.

YOUR SAVINGS AND INVESTMENTS—1

The pound this week plunged below $2: FT writers look at its prospects round the world

Sterling over a barrel

EVERYBODY has been talking about the plight of the pound. Only a few short months after it seemed there was only one way it could go—and that was up—the UK currency this week *fell ignominiously* below $2, finishing last night at $1.929, its lowest level since August 1978.

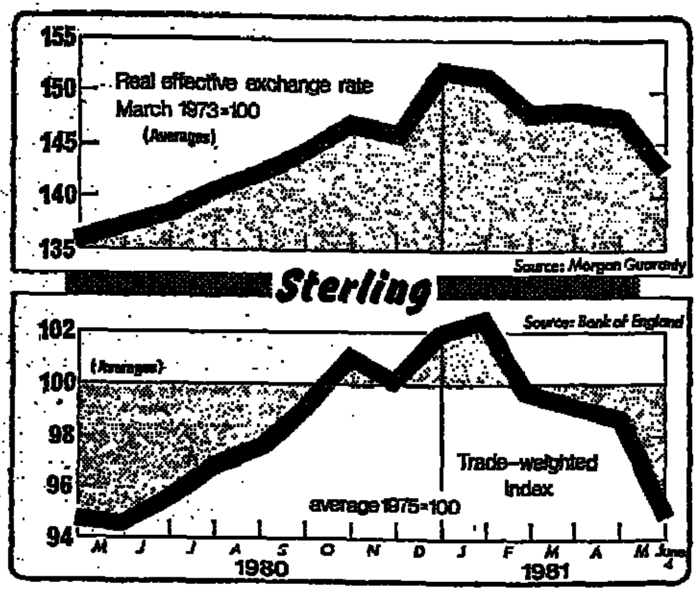
Reactions *to the rapidly* changed fortunes of the pound will vary considerably. Industrialists, for example, can be forgiven a smile, particularly since stockbrokers de Zoete and Bevan calculate that the decline of sterling *from its* $2.45 peak last November to its present lowly level is equivalent to a £5bn boost for the economy.

Investors in overseas securities will also be happy—their U.S. or Japanese unit trusts, *after all*, are *suddenly* worth more than translated back into pounds—but holidaymakers and those who fear costlier imports will push inflation back up again are likely to find little cause for rejoicing.

From the time it breached the $2 barrier (going the *other* way) in February 1979 sterling was carried relentlessly up on a tide of oil, high UK interest rates relative to the rest of the world, and expectations of a Thatcher-led economic recovery in the UK. Although the daily peak was reached last November the *pound's slide did not really* begin until early this year.

As the accompanying trade weighted index shows, emphasis on the sterling-dollar parity tends to mask sterling's relatively satisfactory performance *in* the early *months* of *this* year against continental currencies. The fall against the dollar, moreover, was not unduly dramatic until recently.

A number of factors have been at work. In particular there have been two periods of very high American interest rates so far in 1981—the first in January and February, the second in the past few weeks. These have afforded investors a high real return and sucked "hot" international money away from Europe, including Britain.



Next, the world oil glut has forced producers to cut prices as demand for their commodity tailed off—sterling's reputation as a petrocurrency has thus received a severe dent. The prime contributor to the *pound's giddy ascent has thus* played a major part in its subsequent decline. Reaction to this week's news that Mexico is to slash its crude prices by as much as $4 per barrel illus*trates how much the market* had riding on the currency's oil backed virility.

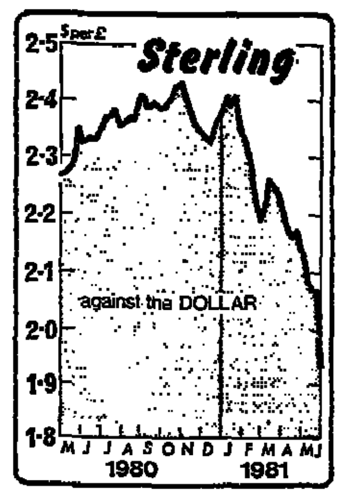
Currency review by Tim Dickson, Alan Friedman, John Makinson and David Marsh

Finally, there is now a growing feeling that the UK's balance of payments is creaking *under the weight of the pro*longed recesion. Due to the civil servants' strike no trade figures have been published since February but some market analysts think that our current account surplus may be disappearing fast. In addition to this, there is the political shadow of Mr Benn and internal ructions in the Labour Party.

One reason why sterling held up well against continental currencies earlier in the year was the D-Mark's own vulnerability. Much of the dollar's strength at this time was gained at the expense of the German currency, which was under pressure from rising inflation and a widening balance of payments deficit. The signs are now that the German current account is turning round and German interest rates—extraordinary as it may seem—are *actually higher than those in* the UK. For the moment at least the D Mark appears to be out of the firing line and sterling is firmly in the sellers' sights.

Dollar: The key . . .

THE DOLLAR'S strength against all currencies has dominated foreign exchanges in the past few weeks though sterling, as the chart shows, has borne the brunt most recently. One factor has been the strength of the U.S. current account compared with other countries. "Unlike Germany and Japan," says Morgan Guaranty Trust Company of New York, "the United States has not had to rely exclusively on increases in its *surplus from manufacturing* to offset rising oil import bills." Thanks to the contribution from agriculture and invisibles, the bank adds, a sizeable current account surplus is expected this year, compared with a deficit of about $16bn for *Germany and* breakeven in Japan.



The fall in oil prices is obviously particularly good news for a heavy net importer and the scope for further energy conservation augurs well for the *longer term.*

U.S. monetay policy under President Reagan, meanwhile, has impressed many observers, including those who operate the foreign exchange markets. The tough approach first introduced in October 1979 has kept money supply growth under control and further easing in the near-record U.S. interest rate levels *will be dependent on a slowing* down in the monetary aggregates.

A kind of euphoria similar to that which gripped the UK when the Tories came to power *in Britain also* appears *to* have swept through the US. The Reagan Administration's programme of tax reductions, its commitment to unshackle the private sector from Government controls, and the attempts *to cut back* public spending have opened up what most Americans see as an era of new economic opportunities.

"These policies have raised expectations for improved U.S. productivity performance over *the longer run, which together* with restrictive monetary and fiscal policies should eventually bring a reduction in U.S. inflation," says Morgan Guaranty.

Yen: Not immune

IF THE assumptions of leading City currency analysts are correct, then the British investor should be buying Yen Bonds as if they are going out of style.

Unlike several major European currencies, the Yen is expected to stand up to the strengthening U.S. dollar. In fact, some expect it to appreciate by around 10 per cent by the fourth quarter of this year.

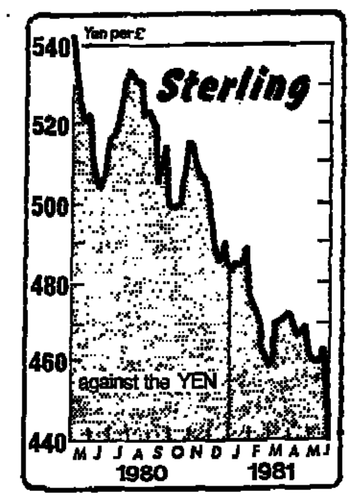
The major factors which determine the fluctuations of the Yen are the real price of oil, the Japanese balance of payments and (lately) interest rate differentials with the U.S. market.

cularly against sterling, which

During the last decade, the yen has been on a generally upward trend against the dollar. It has weakened only when the real price of oil has increased. This is because Japan imports 99 per cent of its oil supplies, representing around half of the country's imports (Y60bn last year).

According to Mr. Tadashi Nakamae, chief economist of Daiwa Europe, the current reduction in world oil prices augurs well for the yen. Mr. Nakamae predicts that the yen will apprīcate from its present rate of around 225 to the dollar to less than 200 by the end of 1981. Likewise, he sees the yen-sterling rate moving from its present level of around 440 towards 400.

What has also happened in the last six months is that the yen, previously insulated from international interest rate *differentials, has been respond*ing to the extremely high U.S. short-term rates. With U.S. rates some 10 to 15 per cent higher than Japanese ones, the yen has weakened against the dollar.

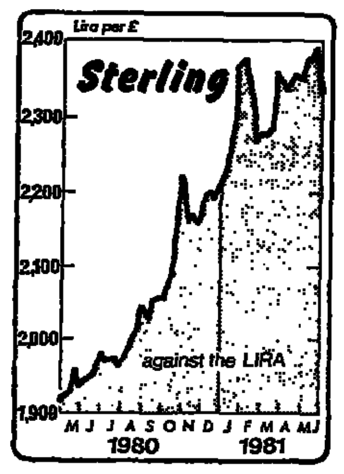


But if U.S. interest rates ease somewhat, the yen should get back on course and appreciate.

Despite these bullish predictions about the medium-term outlook, experts also point out that in currency markets, anything can happen.

Lira: Happy holidays

HOLIDAYMAKERS PLANNING their Tuscan travels this week*end are not likely to be panick*ing to the same extent as Laker passengers jet bound for New York. Earlier this week it was possible to get around 2,400 lire to the pound and by last night the rate had slipped no further than 2336.



The lira, of course, is one of the components of the European Monetary System (EMS), an *arrangement which for just over* two years now has allowed major European currencies to move against each other — but only within a certain band.

Thanks to Italy's high inflation rate and periodic political crises, the lira is one of the weakest currencies in the EMS and a few weeks ago it could not sustain its position within the band and was devalued 6 per cent.

According to Mr. Paul King, of foreign exchange forecasters Forex, the question for the EMS now is whether any further pressure on the French franc will have a knock-on effect.

Franc: Left turn

IT IS a striking measure of sterling's recent slide that it has lost ground even against the French franc *over the past* month.

The loss of confidence in the franc following the election of President Mitterrand earlier was serious enough to prompt speculation that the currency would be removed from the European Monetary System.

Yet by Thursday of this week the pound had dipped below the FFr 11 mark. Immediately before the second round of the Presidential election it had been trading at FFr 11.30.

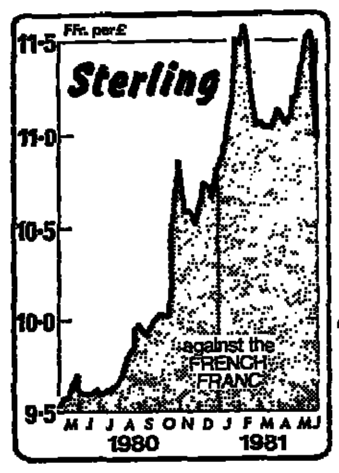
Given the magnitude of the loss of confidence in the French economy and the flight of capital out of France, it is perhaps surprising that the currency's trade-weighted value has not fallen further.

But *the incoming Socialist* administration has introduced tough exchange control measures

The administration has strengthened the restrictions on forward currency buying by importers and has shortened the period in which foreign currencies can be held for trade settlements.

At the same time, the Banque de France has intervened actively in the exchange markets and has driven up the cost of *short term money to* over 20 per cent.

So far, these draconian measures have kept the franc within its EMS parities. According to one foreign exchange analyst, "the collapse of sterling has temporarily diverted the spotlight away from the franc."



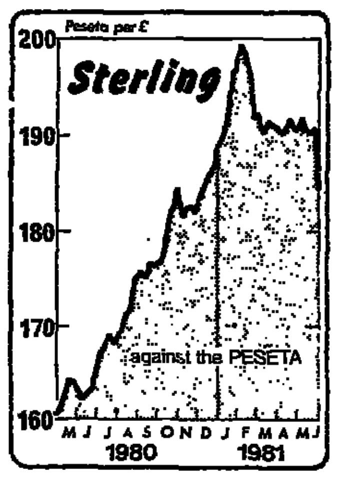
But he still believes that the franc is due for further depreciation against, for example, the Deutsche Mark on the grounds of inflation differentials alone. And that process, he adds, could be hastened by a clear left-wing victory in the forthcoming National Assembly elections.

Peseta: Out of the ring

STERLING-PESETA *trading* this week was a sparsely attended sideshow beside the excitement in the main amphitheatre. Nevertheless the dollar's strength against the pound inevitably rubbed off on the outside participants and after starting the week at 191 pesetas the pound finished about 3 per cent *lower at around 185 pesetas.*

Travellers have therefore seen a modest fall in their holiday currency but against the levels of a year ago (when it was possible only to buy about 170 pesetas to the pound) the rate is still very attractive.

Spain's economy, of course, is very much dependent on the tourist trade and with persistent political problems facing the country traders see no reason for any further appreciation of the currency against *sterling. The peseta is not* a member of the European Monetary System but because of Spain's trading relationship with Germany it tends to move very much in sympathy with the D-mark.



D-Mark: Rhine time

IN THE WAKE of sterling's spectacular slide against the dollar, excursions along the Rhine may replace Grand Canyon tours as the best bet for foreign holidays this summer.

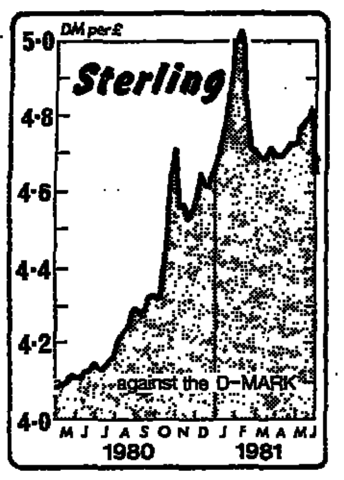
In spite of the pound's overall weakness this week, sterling is still riding relatively high against the once-proud D-mark —a result of increasing political and economic problems in West Germany.

At its present level of around DM 4.65 to 4.70, the pound has dropped sharply from its high point around DM 5 earlier this year, but is still well above the low of around *DM 3.6* reached in autumn 1978.

This mainly reflects the tumultuous plunge of the D-mark against the dollar, which has risen a heady 35 per cent since last autumn to above *DM 2.42 — the highest* for more than four years.

Since the West German inflation rate is still less than half the level in both the U.S. and Britain, the D-mark looks fundamentally undervalued and might be expected to recover soon — particularly if American interest rates start to come down.

This week the foreign exchanges ignored the good news of a sharp fall in Germany's current account deficit in April. The currency markets focused instead on the problems of a rising budget deficit (in part caused by the domestic recession) and mounting divisions within Chancellor Helmut Schmidt's coalition government.



At its fortnightly monetary policy meeting on Thursday, the Bundesbank decided to leave interest rates unchanged. Credit has already been squeezed fiercely since February, and the Germans do not want to put even more pressure on other members of the European Monetary System, in which the D-mark—despite its plunge against the *dollar — is currently* the strongest member.

Sharp words

JOHN MANSER, investment director of Save and Prosper, has sharp words for some investment trust managers this week in the half yearly report of Investment Trust Units (ITU)—at £220m the UK's *biggest unit trust.* ITU puts all its money into investment trusts and is clearly a little alarmed by the recent flood of new issues, which has raised upwards of £100m in the past 12 months. "Not only does this trend create sellers of existing trusts but more important it adds stock to a sector already amply supplied with trusts," said Mr Manser. "It might be more profitable to all concerned *for the investment policy* and practice of certain existing (investment) trusts to be orientated towards achieving the same objectives as the new trusts."

For the record it is worth pointing out that more than £100m has been taken out of the investment trust sector in the last 12 months through unitisations of investment trusts, takeovers and other assorted disappearing acts. Most observers, however, feel the sector would be less vulnerable if it shrank further.

They include one investment *trust manager who rang Mr* Manser this week to say he heartily endorsed his sentiments.

* * *

IN THESE DAYS of licentious living and jazzy marketing life companies do not always stress their sometimes prim 19th-century beginnings. A fine example *perhaps is* the United Kingdom Temperance and General Provident Institution (to give it its full title), today *known simply* and less intimidatingly as UK Provident.

Formed in 1840 to give teetotallers a better deal—they actually paid higher premiums than everybody else at the time —it was good to find out this week that the company remains loyal to its past. Far from penalising the total abstainer, those who resist the bottle receive an extra bonus of 5p per £100 sum assured when their policies mature.

Policyholders have to sign a pledge to qualify but does UK *Provident ever check up?* "No," says Mr. Arthur Spedding, general manager and actuary. "But if somebody died of cyrhossis of the liver, we might raise a few eyebrows."

YOUR SAVINGS AND INVESTMENTS—2

Tim Dickson looks at the terms and conditions of bank mortgages

Feeding hungry house-buyers

VISIONS OF another mortgage famine were conjured up last week at Brighton by Mr. Leonard Williams, outgoing chairman of the Building Societies Association. Addressing the Association's annual conference he commented darkly, "To the extent that the Government is successful in attracting funds from (the personal sector) there is bound to be less money available for home buyers."

Wets on the Government benches worried about upsetting their old chums in the building society movement should take comfort from the accompanying tables. They show not only the extent to which banks have stepped up their attack on the mortgage market—witness, for example, the low minimum loans they are now prepared to consider—but also the increasing competitiveness of their terms. Unthinkable even a year ago, banks are now a credible source of alternative funds for house buyers.

The most recent and most aggressive move has been made by Williams and Glyn's Bank, part of the Royal Bank of Scotland Group, which is now not only prepared to lend up to 95 per cent of a professional valuation of a property but will do so at a highly attractive rate—13.5 per cent on the outstanding balance at the beginning of each month.

Prospective house purchasers, however, ought to be aware of significant differences between the many schemes now available.

Take cost, for example. The point to grasp here is that the cheapest option today will not necessarily be the most attractive tomorrow. Monthly repayment totals only remain unchanged while interest rates are steady but when they move they do not do so together.

In our table, for example, the Lloyds, Midland and National Westminster mortgage interest rates are pegged directly to the banks' base lending rates. These almost invariably reflect changes in Minimum Lending Rate (MLR).

Barclays, Williams and Glyn's, the TSB and the building societies, on the other hand, have their own mortgage rates which are fixed independent of, but obviously not in isolation from, market rates generally. In all cases the main purpose is to avoid some of the frequent fluctuations in market rates—since October 1972, for example, there have been more than 80 changes in bank base rate, against only 20 in the building society recommended mortgage rate. While all the institutions with their own mortgage rate promise to keep broadly in line with the market, short term differences will inevitably appear.

The method of calculating interest is another variable. None of those in our table are actually true interest rates as defined by the Consumer Credit Act but it is true to say that some are truer than others. Building societies, for example, understate the "true" cost more than the banks by calculating the interest on the balance outstanding at the end of each year. Barclays "true" rate on a 14 per cent quote is 14.8 per cent while at Williams and Glyn's 13.5 per cent is equivalent to a "true" 14.1-14.2 per cent.

Choice of bank or building society, however, is often determined by the size of the sum which can be borrowed. This depends largely on the borrower's gross income and the value of the house he or she is buying. As the table implies, a husband and wife earning £15,000 and £10,000 respectively should be able to take out a £37,500 loan from Barclays but £47,500 from Lloyds.

Lloyd's, meanwhile, is prepared to lend up to 95 per cent of the value of the property provided the balance over 80 per cent is covered by an indemnity policy underwritten by the Sun Alliance. Midland will lend up to 90 per cent of the value of new houses, 85 per cent of the value of those more than 10 years old and 80 per cent of those over 20 years. Loans between £20,000 and £100,000 are restricted to 80 per cent of the property's valuation.

Finally, are all these loans equally available to anyone who walks in off the street? It is fairly well known now that building societies prefer to lend to borrowers with a good savings record. Banks, on the other hand, will consider anyone provided they take the important step of moving their current account if it is elsewhere.

The banks' assault on the mortgage market is both offensive and defensive. A bank without a formal mortgage scheme is bound to lose business as customers in need of mortgage funds defect to a rival. At the same time personal customers are an increasingly useful source of profits—besides gaining customers with a need for mortgage funds, the banks realise that the opportunities to offer life insurance, household insurance, personal loan and even investment services are greatly enhanced.

	Min./Max. advance (£)	Income ratio (partner's in brackets)	Max. % of house valuation	COST (current rates in brackets)
Barclays	10,000/100,000	2½	80	Barclays' mortgage rate up to £30,000 (14). Thereafter 1% over (15).
Lloyds	10,000/100,000	2½ (1)	80†	2% over base up to £20,000 (14). Thereafter 2½% over (14.5)
Midland	10,000/150,000	2½ (½)	80–90†	2% over base up to £25,000 (14). Thereafter 2½% over (14.5). Min. 10%
NatWest	10,000/100,000	2½ (1–1½)	80–85	2% over base (14). Min. 9%
Williams & Glyn's	5,000/none	2½ (1)	95	W & G mortgage rate (13.5)
TSB	none/none	2	90	TSB mortgage rate +1% up to £20,000 (14). Thereafter up to 2½% above
Building societies	none/c. 50,000	2–2½	80–85	BSA rate (13) plus up to 2½% for sums over £15,000

† See text.

Gross monthly repayments for 25-year mortgage

	£15,000	£35,000
Barclays	179	443
Lloyds	179	430
Midland	178	419
Nat. West.	182	424
Williams & Glyn	173	403
TSB	188*	439*
Abbey National	171	451
Halifax	171	438
Nationwide	173	458

* South East only.

The rights approach

WHEN COMPANIES come cash-hungry to their shareholders, asking them to subscribe cash in exchange for fresh shares, some hear the rights issue call with less enthusiasm than the company might wish. When a lot of companies bring out rights issues—as has happened in the last few weeks—some shareholders are bound to be unwilling to stump up. What should the reluctant shareholder do?

One possibility is simply to *do nothing*. This is known as "lapsing" one's rights. The result of lapsing is that the new shares to which the shareholder is entitled are eventually sold on his behalf by the brokers to the issue, and the company sends him the proceeds (after expenses).

The disadvantages to lapsing arise from the fact that rights—more strictly, nil-paid shares—can be traded on the market until the acceptance date. If the existing shares rise the rights also become more valuable. Other things being equal, someone who does not want to take up a rights issue will do best to look for a suitable moment to sell his rights in the market, ideally when the rights premium—the price at which the nil-paid shares are trading—is at its maximum.

Even if the rights are sold at something less than the best possible moment, they can almost certainly be sold at a marginally better price than will be obtained by lapsing—providing, of course, they go to a premium. The reason is that the lapsed rights will belong to a "rump" of shares which, because they were not supplied to the market, helped prop up the rights premium. Afterwards, the rump will be more "attractively"—that is, cheaply—priced, so that the brokers can get it off their books.

In spite of this, small shareholders will often do better to lapse their rights than to sell in the market, because the broker's sale commission on an individual small disposal usually works out at a much higher rate than would be charged for handling the same shares as part of the—much larger—rump.

One leading stockbroker charges the Stock Exchange's minimum commission of 1½ per cent on disposals between £800 and £7,000 in value, but for smaller amounts charge the lesser of £12 or 25 per cent of the proceeds. On this basis, if your rights are worth less than £50 or so, it is impossible to do better by selling than by lapsing unless the shares subsequently take a tumble. Brokers therefore tend to advocate lapsing to small shareholders who do not want to take their rights up.

Once a parcel of rights becomes worth more than say £200, it begins to be worthwhile keeping a close watch on the premium; quite a modest proportional change in the original shares will be multiplied in the movement of the rights premium.

The Guardian Royal Exchange issue, which was rather unloved when it first appeared, has been transformed as this week's assault by Allianz on Eagle Star has revitalised the demand for insurance shares.

Yesterday, GRE shares had risen to 312p, 12.6 per cent above their closing level at the end of the previous week. The nil-paid rights, which prudent brokers were selling for their clients a week ago, rose from 19p to 54½p. Those who bought the unwanted rights were showing a handy profit of 187 per cent.

Jeremy Stone

Faith healing

INVESTORS who trust their money to someone else may have had their faith tested by a series of recent scandals. But while the Department of Trade may not be able to squeeze out any Parliamentary time for tighter legislation to control investment management, the professional bodies most closely involved are pressing ahead with recommendations for reform.

In the last couple of months Connaught Latham and Norton Warburg, two general investment management concerns, have collapsed. Euroseas, a Eurobond trader, has gone the same way, while Farrington Stead, a specialist gilts investment group, was intimately concerned with the collapse of Hedderwick Stirling Grumbar.

The Stock Exchange has set up a committee to investigate the cause of brokers' failures and—along the way—to see if the present rules for the management of discretionary funds for clients by brokers are all they need to be.

The infant Association of Licensed Dealers in Securities has gone even further. It made strong submissions this week to the Department of Trade for changes in rules which would give the Government some degree of effective control over investment managers.

The key problem, however, is that for statutory purposes the concept of "investment manager" does not even exist.

The legislation which carries the responsibility for controlling what happens when investors use agents on their behalf is *The Prevention of Fraud (Investment) Act*. It was passed in the late 1950s before investment management as we know it today had really got off the ground and was mostly devised to prevent organisations offering worthless securities for sale.

What it does recognise are dealers in securities. Under the Act such dealers must obtain licences from the Department of Trade, unless they are exempt by virtue of membership of the Stock Exchange or control by the Bank of England under the Banking Acts.

The criteria which dealers must meet to obtain licences, and the operating rules they must then apply, however, are vague in the extreme. And it is these which the Licensed Dealers' Association want beefed up.

Christine Moir

Annuity secured by an investment of £10,000

Man aged 65: Company	Amount £	Woman aged 60: Company	Amount £
RNPFN	1,822	RNPFN	1,556
Abbey Life	1,791	Generali	1,543
NEL	1,777	Crusader	1,533
Generali	1,768	NEL	1,526
Crusader	1,767	Friends Provident	1,517
English Insurance	1,755	Standard Life	1,513
London Life	1,753	Abbey Life	1,512
Royal	1,750	Sun Alliance	1,508
Equitable Life	1,737	Equitable Life	1,507
Avon Insurance	1,736	Sentinel	1,506
Sentinel	1,736	Royal	1,504

Source: Planned Savings Rate Guide.

Higher yields

INVESTORS SEEKING guaranteed income, either over the short term with income bonds or over the rest of their lives with annuities, have not had much of a choice since the new tax year started. Life companies pulled out of the income bond market en-masse in April because of lower interest rates and the reduced rate of tax relief on life assurance premiums. Life companies, meanwhile, cut annuity rates to reflect the lower yields on gilts.

Over the past few days, however, conditions have changed. Life companies are reacting to higher interest rates over the short and medium term and re-entering the market.

These yields have risen on a variety of factors. Investors now have very little hope of an early cut in Minimum Lending Rate. There have been heavy calls on institutional funds from the build-up of rights issues, the demand for sterling bonds and the new index-linked gilt and this has meant competition for *ordinary gilts. Above all, the* U.S. rates have dragged up UK rates.

Stephen Lewis of stockbrokers Phillips and Drew feels that current yields over the short and medium term are likely to be maintained over the next couple of months, though long yields could fall. Life company actuaries obviously feel the same because they have been busy lifting annuity rates by significant amounts.

Table I shows the top annuity rates currently available. After the hectice flurry of the past few days, rates could settle down at this level.

One new name in the table never seen before is that of Abbey Life, one of the largest unit-linked life companies in the UK. The company has always quoted annuity rates, but now, in line with its new image, it has made its rates highly competitive as a means of entry into the insurance broker market.

There have been a few guaranteed income bond offers from life companies—Table II sho wthe current rates available. These are highly competitive vis-a-vis building society rates.

Liberty Life, which withdrew in April, intends to return at the beginning of next month, with a new bond.

Meanwhile, it is understood that the Inland Revenue is having second thoughts about granting qualification to the 10 year endowment which forms an integral part of the income bond package. Without this qualification, the life company cannot claim the tax credit and yields drop significantly. If this is so it represents a complete reversal of attitude by the Revenue. It is believed that several companies are involved, which would explain the absence of companies from what has been a very lucrative market. Those with existing bonds would not be affected.

Eric Short

GUARANTEED INCOME BOND YIELDS

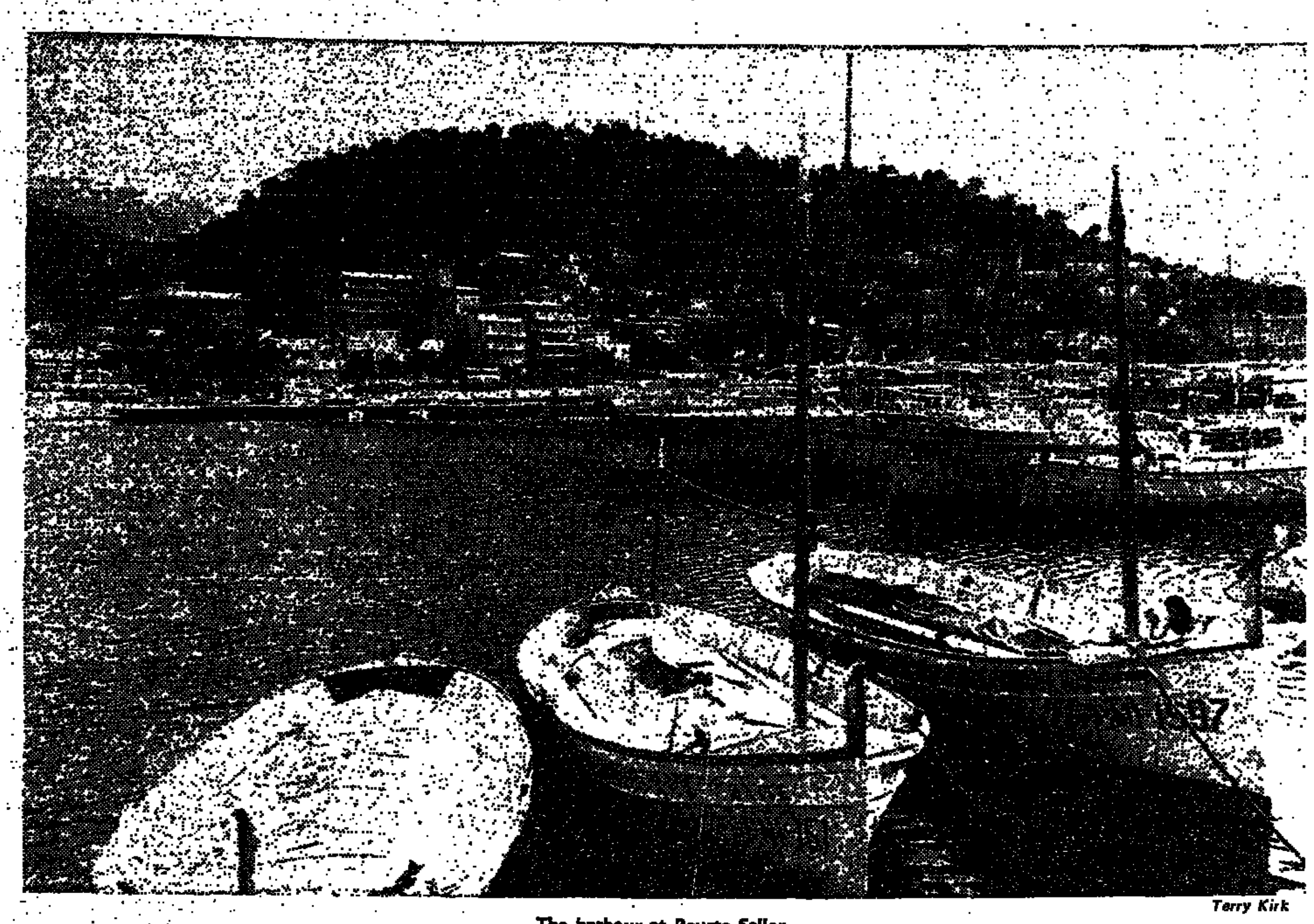
Company	Yield %
2 Years	
Property, Equity and Life	11.2
Premium Life	11.0
3 Years	
Premium Life	12.0
Tyndal	10.25
4 Years	
Pioneer Mutual	12.3—13.5
Providence Capitol	11.7—13.0
Trident Life	11.5—13.5
Canterbury Life	11.5—12.9
Abbey Life	11.5—12.6
Cannon Assurance	11.2—12.7
Transinternational	11.75
Hill Samuel	11.4—11.7
Lloyds Life	11.0

Source: Planned Savings Rate Guide.

TRAVEL

Around Majorca: warts and all

BY ARTHUR SANDLES



The harbour at Peurto Saller — Terry Kirk

MAJORCA is a bit like a beautiful woman with warts. The basic attractions may be obvious and eternal, but any discussion of the subject tends to come back to the blemishes. So let us first dispense with the blemishes.

Ca'n Pastilla, El Arenal, Palma Nova and Magaluf are glaring examples of the damage tourism can do. Why anyone should choose them in preference to the often less expensive and culturally more interesting Costa Brava I do not understand. And yet some 2m foreigners a year pay good money in the belief that such a view is mistaken. The other million will see more of Majorca than the strip of resorts served by the main road that runs from Puerto de Andratx to El Arenal. For them the journey is much more likely to be worth while.

Majorca is a big island and its attractions are varied. The 250-mile coastline offers, apart from the occasional wart, a remarkable array of spectacular cliff-ringed inlets, long beaches and fishing villages. The north west of the island is mountainous, with the Cordillera de Poniente running from San Telmo in the south up to Cabo (cape) Formentor. The highest point is the 4,741 ft Puig Mayor.

These mountains are not just scenic. Their presence has helped to give the island its gentle climate by protecting the central agricultural plain and giving Majorca weather which has little of the harshness of the Spanish mainland. The best time of year to visit the island, for both climatic reasons and the pressure of crowds, is in May, June or September. However, even in the European school holiday period when, I am told, Palma airport is busier than New York's Kennedy, there are quiet spots to be found.

The nearest comparison that can be made with Britain is that Majorca is much the same size as Cornwall, has about the same number of permanent residents and probably has a similar number of tourists in peak season — and yet you can still find peace in Cornwall.

One of the pleasanter drives out of Palma itself is to head east and, at El Arenal, take the coast road past Cala Blava and towards the Cabo de Salinis. The word "cala" means cove and if you continue up the western coast line you will find dozens of them, many of which still retain some of the flavour of the old Majorca which attracted the first tourists—little fishhing boats alongside quaysides which narrowly separate the sea from lines of small colour-washed terraced houses seemingly basking in the Majorcan sun.

The sea has been crucial to Majorcan life. It has carried settlers (the Majorcans are basically Catalans, a proud mixture of North African and Celtic stock), invaders (it was the Romans who named Majorca, Balearas Major), and latterly the tourists. The sea has provided food and, with those mountains, cooled the power of the southern sun.

To understand eating in Majorca one must first recognise the importance of the sea and of the wide Majorcan agricultural plain.

I have yet to find a restaurant in Majorca where one can eat superbly, but I have certainly found many where you can eat well. Stick to dishes which are based on pork, local sea food, vegetables and olive oil and you will dine excellently. If you are hungry and do not mind a few additional pounds (a spare tyre is best disguised by a sun-tan anyway) these ingredients are best found in simple *Pa am oli*, which is local bread, soaked in olive oil and covered with good ripe tomatoes and local smoked ham. Anyone who chooses fish and chips from an Arenal beach shop in preference to that is beyond the pale.

Again my subjective judgment of Majorcan gastronomy is that the liquor should be avoided. Wines from the Spanish mainland are good and cheap and while there may be good local Majorcan reds they are not easy to find. Avoid the ubiquitous *Sangria* unless you make it yourself—it is a superb summer drink if made with a decent wine and fresh juices—not "plonk" and orange squash, which is what you will get in many bars. The local speciality is liqueurs, particularly the various *hierbas*, which are not unlike anis and on which the determined visitors can became alcoholically expert within a few days.

The restaurant scene seems to change with such rapidity that I will not venture into recommendations of places that may have been there a few months ago but could have changed since. In resort towns, however, I have no hesitation in taking a few recommendations and then strolling around the tables to see what the food looks like before making a final choice (it is wonderful how bold a few pre-dinner drinks will make the holidaymaking British). The yacht quays off Palma harbour have one or two excellent sea-food restaurants, serving simple deep-fried or grilled fish which, with a squeeze of lemon, some good local bread and a glass or two of wine, can be absolutely superb.

It is a pity that the *tapas* bars around Palma harbour now need some selective effort. Strolling around them, picking and choosing various bar delicacies is a great delight, but now you are charged *a la carte* and almost have to keep your own course card. It still remains fun, however.

And what else of Majorca? There is, of course, a great deal but the assumption these days is that the island is a destination for seekers after the sun and the seafood. If you have time take a look at the Palacio Vivot and see how the Balearic rich really used to live, and the caves of Drach which actually are worthy of their tourist fame.

Majorca is remarkable for its weather, its variety and, unfortunately, its popularity. The reason people return year after year, however, is because there are few places which offer such a complete range of attractions. Warts and all it is an excellent holiday choice—and some people actually prefer the warts.

Violets and other outcasts

SOME BOOKS, one feels, are written almost solely for delight and very little for hope of financial reward. In this category I place "Violets", by Roy E. Coombs, just published by Croom Helm, for the subject is no longer popular and the price £6.95 for a slim volume with only line illustrations must restrict its sale fairly drastically.

Yet this is the best researched, most scholarly book on violets it has been my pleasure to read and everyone who is seriously interested in this lovely flower must surely wish to possess it. For many years Mr Coombs has been having a love affair with the violet. I have corresponded with him from time to time, especially when I was actively engaged in preparing lists of good plants threatened with extinction, and his knowledge has always proved to be extensive, detailed and freely available to anyone interested.

In 142 pages he covers in great detail the history of violet cultivation, the breeding and development of hardy single violets, hardy doubles, hardy semi-doubles, tender Parma violets, the relevant viola species, the breeders themselves and the English violet farms and nurseries, most of which have disappeared together with a great many of the violets themselves. There is also a good chapter on the cultivation of violets and the book concludes with violets in verse and a comprehensive bibliography.

When I was young I worked for one of the firms Mr Coombs mentions, Isaac House and Sons of Westbury-on-Trym on the outskirts of Bristol. We grew many of the varieties he names, both for sale as cut flowers, which were marketed locally, and as plants which went all over the British Isles. Many of them were despatched under the label of Sutton and Sons, then of Reading, for whom we grew violets under contract. Mr Coombs several times quotes J. C. House, who was head of the firm in my day, and who describes in one passage how, in the spring of 1917, he purchased rooted cuttings of a violet named Quatre Saisons for one shilling each and by July of that same year sold them at five shillings each as good plants smothered in bloom. I doubt that this once famous, long flowering variety is still available commercially though it may exist in some private garden where it has been preserved by successive generations of plant lovers.

In House's nursery our most popular variety was Princess of Wales, which Mr. Coombs says should really be known as *Princesse de Galles*, a fact entirely new to me. It is a long stemmed, large flowered, sweetly scented single and thankfully it is one of the few violets that can still be purchased fairly easily. It was raised in 1889 by Armand Millet of Bourg la Reine near Paris, probably the greatest violet breeder of all time. His *Souvenir de Ma Fille* had immense flowers and was very popular for many years after its introduction in 1912 but I doubt that it is now available.

The best two semi-double violets of those days were Mrs. David Lloyd George and Princess Mary, both raised by the most successful English violet breeder, J. J. Kettle of Corfe Mullen, Dorset. They were both delightful flowers, the first named much like *Princesse de Galles* in style but with the addition of a little multi-coloured button centre. Princess Mary was a true semi-double with two rows of full size petals. Mr. Coombs says that neither is now readily available though he thinks that Princess Mary could be found in the U.S.

The best double Parma violet from Mr. Coombs's account would appear to be Mrs. Arthur, a variety I do not recollect. It is, apparently, hardier than most, able to survive where others have failed and so bring the unique Parma violet scent into gardens where it has been absent.

Probably the best violet for general garden cultivation in the open in Britain because it is so free flowering, hardy and sweetly scented, is the single *Amiral Avellan*, a violet I have always known as Admiral Avellen but this again appears

GARDENING

ARTHUR HELLYER

to be a mistake as it is a French-raised variety given an anglicised spelling when it was introduced here. I cannot find it listed in any current catalogue but then very few violets are because in the last 20 years this has become one of the most neglected of once popular flowers. It is high time that something was done about it and I hope that the plant conservationists will give early attention to the matter. All the *information about worthy* varieties is here ready to hand in this timely book by Mr. Coombs.

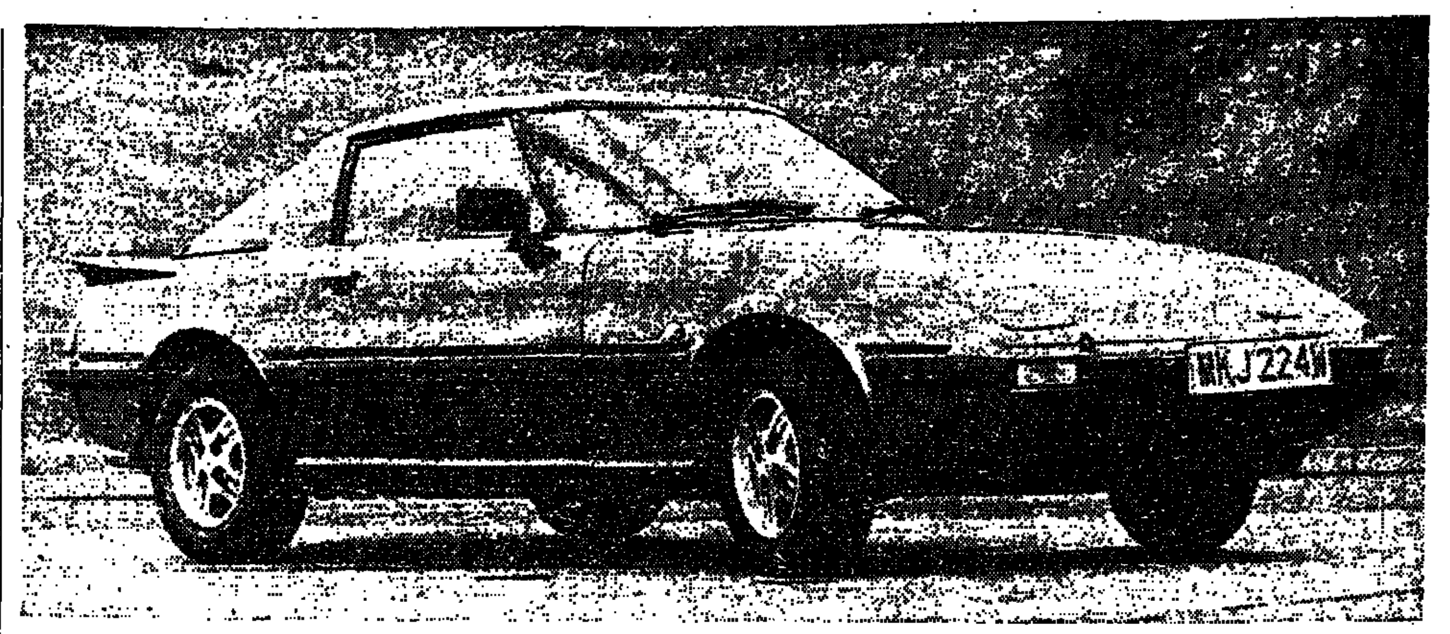
When I wrote about plant conservation a few weeks ago I mentioned the two-day conference on the subject organised by the *Royal Horticultural* Society in 1978 and added that not much seemed to have happened since then except the detailed survey of four *genera* of woody plants carried out by the International Dendrology Society. In this I was wrong.

A *National Council for the* Conservation of Plants and Gardens (NCCPG) was set up under the chairmanship of Lawrence Banks with its headquarters at the RHS Garden, Wisley, Woking, and this year Duncan Donald, a horticultural *taxonimist*, has been appointed as a whole-time officer of the council. In addition several local groups of voluntary workers have been established in various parts of the country and it is hoped that more will follow. Those already in operation are the Yorkshire Society for the Conservation of Garden Plants, with Mrs S. J. Parrett, 48, Manor Heath, Copmanthorpe, York, as secretary; the Dorset Group for the Conservation of Plants and Gardens, secretary Mrs P. Thoyts, East Wing, Osmington House, near Weymouth; Somerset and Avon Group for the Conservation of Garden Plants, secretary Mr D. G. Everitt, 21, Dark Lane, Backwell, Bristol; and Nottingham and East Midlands Group for the Conservation of Garden Plants, secretary Mrs J. D. Grout, Colt House, High Cross, Thurgarton, Nottingham.

The three major tasks are to identify worthwhile plants that are either missing or have become so scarce that their continued existence is threatened, to discover gardens or nurseries in which these plants still grow and to get them back into free circulation as quickly as possible. The criteria of worthiness for conservation go beyond mere beauty since vigour, disease or pest resistance or the possession of some unique feature can be of equal importance. Mr Coombs describes how Mrs Grace Zambra, one of the *most knowledgeable of* mid-20th century violet growers, discarded the old violet *Explorateur Dybowski* as being inferior in scent to a seedling she had raised from it and named *Pamela Zambra*. But *Explorateur Dybowski* was highly resis*tant to red spider mite, the most* troublesome pest of violets. Now there would be a good plant to go looking for.

The National Trust is carrying out a survey of plants in its own gardens and national collections of some particularly *important genera* are to be started. Anyone interested in plants can help without necessarily joining an association but clearly the advice and encouragement of other interested people must make such work more speedy and effective. I hope the movement spreads rapidly.

MOTORING



After long delays in receiving National Type Approval—have we learned about non-tariff barriers in Britain?—the revised Mazda RX7 2+2 coupé (pictured) went on sale this week. Those sold here in the past two years have been criticised for being rather spartan inside, especially for the price. Mazda took the hint and the new version, only £150 dearer at £8,699, has more supportive seats, electric windows, removable glass sunroof and the most elaborate four-speaker self-seeking radio and cassette player I have ever seen in a car.
When I tried the RX7 briefly in Belgium some weeks ago I hardly began to understand how to work all the in-car entertainment but the output of high-fi sound was enough to drown out quite a lot of wind noise at motorway cruising speeds.
Mechanical changes include disc brakes all round instead of only at the front; new low profile Dunlops that hung on impressively in the wet; and a little more power and torque from the silk-smooth rotary engine which thankfully has a quieter exhaust note at higher speeds than before.
Two more recent additions to the Mazda range are a saloon-with-a-boot version of the 323 hatchback (the one that looks rather like a Ford Escort) and a restyled and refined 626 saloon, a Cortina/Cavalier competitor that replaces the former Montrose. The most striking thing about the 323 saloon was the price: £3,899 for a four-door, all-independently suspended and comprehensively equipped 1.3-litre family car with lively performance and effortless controls.

Starsky and Hutch don't live here

BY STUART MARSHALL

ARE YOU going to the U.S. for your holiday this summer? Several *hundred thousand* Britons are, having been seduced by the thought of sunshine, no language problem plus the value for money described in last week's "How to spend it in New York" page.

Many will rent a self-drive car but may be feeling apprehensive because they think all Americans drive like Starsky and Hutch. If so, they are in for a pleasant surprise.

Real Americans, as opposed to those in TV serials, have a totally different attitude toward driving from our own. In Britain, a car is still to some extent an extension of one's personality. In the U.S. it is an extension of the home: air conditioned, softly comfortable, the best (and often the only possible) way of getting from A to B.

The American driver is generally relaxed and uncompetitive. The cars may well be dressed up to look on the wild side, with great fat tyres, highly polished wheels, racy stripes and fierce insignia. But by European standards they are nearly aways driven very *sedately*.

If there is a U.S. counterpart of the British sales rep in his company Cortina, carving everyone up as he speeds home on a Friday, I have never met him. You drive in any lane of an American four, six or eight lane highway and overtake on either *side. It is all rather like being* on a conveyor belt.

The blanket speed limit of 55 mph seems absurd in a land of fine roads and vast distances and it is widely disregarded, but not by very much. A steady 60-65 mph on a lightly trafficked inter-state highway is not likely to get you into trouble, especially if you are following a big articulated truck. The driver will be well aware from his CB radio where the highway patrol is lurking with its radar. If he suddenly slows down to 55 mph, don't overtake; it may *cost you £25 or so if you do.*

Petrol still seems very cheap to Britons at the same number of cents or less per U.S. gallon as we pay in pence for an Imperial gallon. (There are six U.S. gallons to five of ours.) Save money by going to a self-service pump; you will find *them mixed with attended* pumps on the same gas station forecourt.

It is easy to find your way around the U.S., though never underestimate the distances. The gas stations give away maps and there are road signs everywhere; so many as to be almost self defeating. My favourites: "Don't even *think* of parking here," "Drivers of cars from which litter thrown liable to arrest" and "All in favor of conserving gasoline raise your right foot."

It pays to know which road number *you want as well as the* name of the town you are heading for. Providing you have established that Interstate route 5 goes from Los Angeles to San Francisco, it's like driving from London to Leeds on M1.

The American car that looks *so dauntingly large when* surrounded by Minis and Fiestas in an English town is normal and right for the U.S. Many are driven by teenagers who appear to be going to school or by grandmotherly ladies who in Britain would implore their husbands not to replace their Mini *with a big car like an Allegro.*

Parking is rarely a problem away from city centres because every shopping mall or roadside fast-food restaurant is surrounded by acres of tarmac, all marked out in gas-guzzler sized bays. The U.S. car makers may be downsizing their products as fast as they can but America is still geared to the very large car.

Perhaps the main thing a Briton should remember before driving in the U.S. is never to be impatient. American drivers keep remarkably calm. If you make a mistake—and one inevitably does—they won't start shaking fists and shouting insults. And they will expect the same of you.

It is all very relaxing. As an expatriate Englishman, now resident in the industrial city of Akron, Ohio, observed to me recently: "I've been here for five years now and I've not seen as much aggro between drivers in the whole of that time as I used to in an average week in Wolverhampton."

COMPANY NOTICES

TRAVEL

HOTELS

PROPERTY

Revival in derelict dockland

BY JUNE FIELD

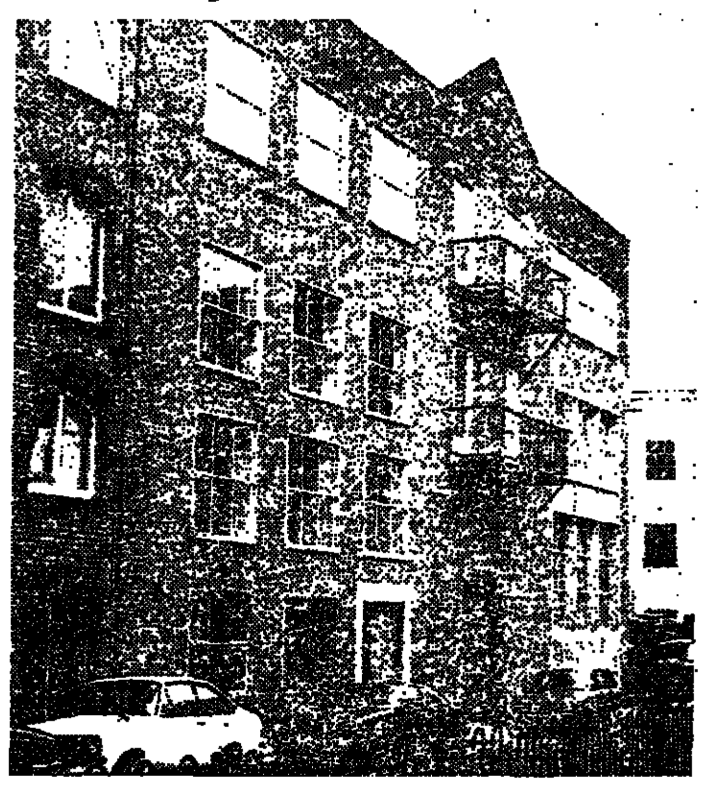
"And the evening mist clothes the riverside with poetry, as with a veil, and the poor buildings lose themselves in the dim sky . . . and the warehouses are palaces in the night."
Whistler

IT IS NEARLY four years since I first visited Rae and Leon Hoffenberg in their apartment with its dramatic views over the Thames in London's Docklands. The approach from W1 remains much the same. You drive past the Tower, along Cable Street, into Butcher Row, skirting sad, deserted buildings with broken or boarded-up windows, then to Narrow Street towards where Dr David Owen MP lives in one of the old ship's captain's houses by the *Bunch of Grapes* public house. It is as well to remember that this is Limehouse, not Park Lane. Those who expect instant glamour will be in for a nasty shock. This is derelict dockland.

But the spectacular expanse of water visible after stepping out onto the balcony of the Hoffenberg's stylishly converted luxury apartment in the 19th century tea warehouse has not changed either. Their tiny motor cruiser *Corunna* bobs up and down below, the gulls scream and a hooter sounds in the distance. Even with the depleted river traffic, there is always some craft moving on this evocative stretch of the river.

Those who live in the converted warehouses and period dwellings of dockland have been called "courageous and free-spirited." The Hoffenbergs prefer to think of themselves as "adventurous and dedicated," while admitting that in the beginning their friends thought they were mad.

Now, after successfully converting and selling apartments in two buildings, they are completing a third in similar stylish fashion. They plan to move into the top floor of the latest conversion, and sell their present apartment. The magnificent open-plan centrally heated accommodation, its walls of warm natural brick, is on two floors with a spiral staircase, and has four bedrooms and three bathrooms, its vast living-room encompassing dining, study and library areas, with a kitchen and wine-store leading off it. The price, including new carpet throughout, is in the region of £250,000, and already several "European kindred spirits" are interested.



Warehouse in Narrow Street, London E14 has been converted into 3 to 4 bedroom, 2-bathroom apartments with balconies, and vast areas of living accommodation. Prices from about £100,000. Details and appointment to view from the owner, care of Commercial Wharf, 24 Narrow Street, E14 (01-790 9974), or the agent Mr. Martin Carleton-Smith, John German Ralph Pay, 127 Mount Street, London W1 (01-499 9671).

The other three or four bedroom, two-bathroom apartments in the new project (the carcase this time is sturdy 1950s vintage), are from about £100,000. Not cheap, because sensitive conversion of utilitarian places never intended for residential use, takes not only imagination and foresight, but considerable cash to bring them up to an acceptable standard with central heating and a lift. And Mrs Hoffenberg has injected space, light and character into this mundane building.

Viewing is by appointment only through the owners, care of Commercial Wharf, 24 Narrow Street, London, E.14 (01-790 9974), or the agent Mr Martin Carleton-Smith, John German Ralph Pay, 127 Mount Street, London, W.1. (01-499 9671), who will also send a property portfolio of other riverside developments and a map which spreads from the Tower to Greenwich Reach, pinpointing the various docks and canals, basins, wharfs and depots, plus the various parks and sports grounds in the area.

Mr Carleton-Smith is another dockland devotee, involved for over a decade as agent in the areas on both sides of the river, from Tower Bridge to the east of the Isle of Dogs. These prime locations in the centre of London, with all the attractions of the river and its historic associations, have remained basically undeveloped, and there is currently a strong demand for homes directly overlooking the water.

"London must the only major European city that has not fully made use of its river as a feature to set off architectural development, Greenwich excepted," says Mr. Carleton-Smith. He observes that it is interesting that during the Industrial Revolution, when both the river and the atmosphere became polluted—and taking account of the prevailing westerly winds—residential development moved west and away from the river.

Other residential developments in which John German Ralph Pay are involved, include the two terraces of houses at Wapping Pierhead built for Port of London Authority staff in 1811, and Oliver's Wharf in Wapping High Street, a Victorian Gothic tea warehouse which was converted to apartments in 1972. Re-sales are almost negligible, an indication that people become totally absorbed by living with the river, and find it very difficult to leave.

The agents are also involved in some 10 sites from acquisition stage onwards. St. John's Wharf, Wapping High Street, just being marketed, is a spectacular conversion by the A. J. Goddard Partnership of architects of a period warehouse into 3-bedroom river-facing apartments from £145,000, and 2-bedroom flats from £70,000 looking over gardens. It is the first major development in the area since St. Katherine's Dock and the Wapping Pierhead Conservation area, and will include offices, workshops and a pub. Pre-sale terms are a third of the purchase price to be paid to Saml. Smiths on exchange of contracts on or before July 31, final payment and possession within 21 days of being notified of the completion of building works.

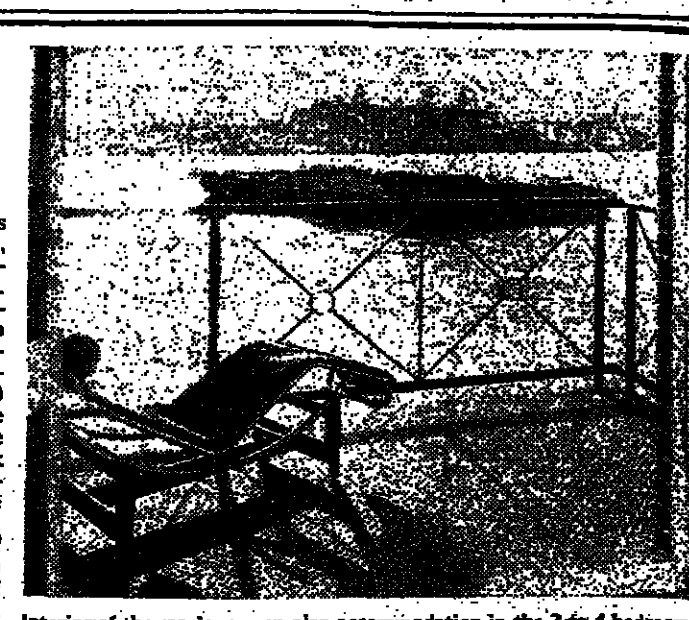
Carron Wharf will be a new building on the empty site close to St. Katherine's Dock belonging to the Scottish company famed as iron founders in Napoleonic days. Planning consent has been granted in principle for 53 river-view apartments and work should start in January next year. The British Waterways Board, owners of Regents Canal Dock, a large basin of 11 acres of water where the canal system joins the Thames, plus some 11 acres of land, have invited schemes from Taylor Woodrow, Henry Boot Construction and Brent Walker, *John German Ralph* Pay are consultants for the Henry Boot scheme.

"It is a marvellous opportunity to do a really big redevelopment in a spectacular setting," says Mr. Carleton-Smith, who hopes that this year will see the start of a period of continuous development throughout dockland.

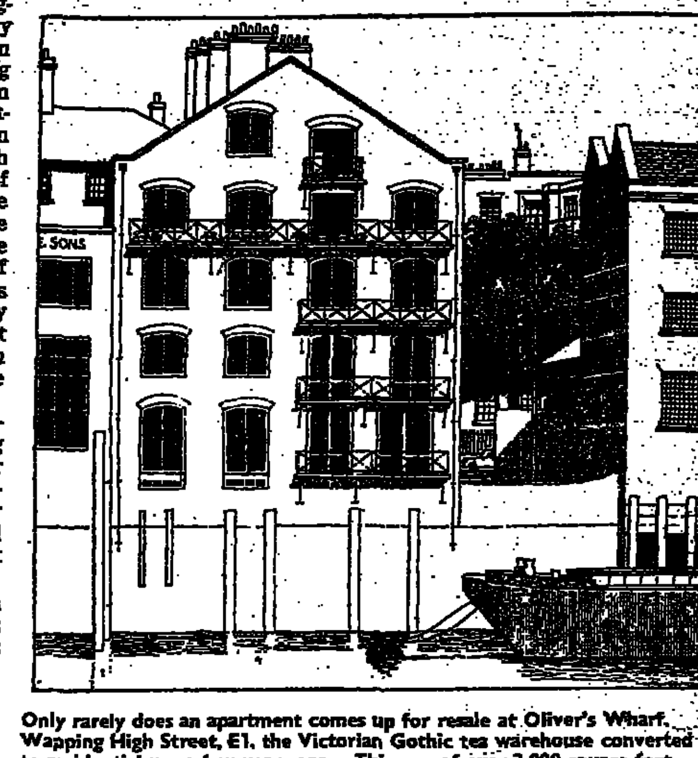
"Although things have been very slow to move, there has always been tremendous demand and enthusiasm to get into the area. It offers a new cosmopolitan atmosphere of mixed development away from the established residential areas, with all the attraction of the river and the powerful character of the area."

To be taken into account of course is the long drawn-out conflict between developers, planners and locals over what is the best mix of development. As a city analyst commented recently: "Progress in replacing the hundreds of acres of derelict wharves and factories has been more than usually frustrating. Very few dockland schemes can be contemplated without serious commitment by tenant-occupiers." There are also what are referred to as "formidable environmental problems—generally inadequate motorway and rail underground links, even Thames flood risks for a few years yet."

Within the next six weeks Parliament is expected to make its decision on the London Docklands Development Corporation, set up about 18 months ago. Chaired by Mr Nigel Broackes, with Mr Robert Mellish, Labour MP for Rotherhithe as vice-chairman, the corporation will take the overriding planning powers from Dockland's local authorities. This has understandably brought vigorous opposition from the five boroughs concerned—Greenwich, Lewisham, Newham, Southwark and Tower Hamlets.



Interior of the spacious open-plan accommodation in the 3 to 4-bedroom, 2-bathroom warehouse apartments overlooking the river in London's Dockland. Details Mrs. Rae Hoffenberg, care of Commercial Wharf, 24 Narrow Street, E14, or the agent Mr. Martin Carleton-Smith, John German Ralph Pay, 127 Mount Street, London, W1. (01-499 9671).



Only rarely does an apartment comes up for resale at Oliver's Wharf, Wapping High Street, E1, the Victorian Gothic tea warehouse converted to residential use a few years ago. This one of over 2,000 square feet faces directly south over the river, and the three bedrooms, 2 bathrooms and open-plan living rooms retain all the original cast iron supports and wood beams. The price of £170,000 for the 88-year lease includes a mooring buoy available from the Port of London Authority. Details Martin Carleton-Smith, John German Ralph Pay, 127 Mount Street, London, W1 (01-499 9671).

LEISURE

Short handed over the pond

YACHTING DAVID PALMER

IT IS 21 years almost to the day since four lone sailors set off from Plymouth to race each other across the Atlantic. The first Observer Single-handed Transatlantic Race (OSTAR) It was won by an almost unknown former aviator called Francis Chichester. The yachting fraternity dismissed the whole enterprise as *unseamanlike and dangerous, a fringe activity* fit only for cranks.

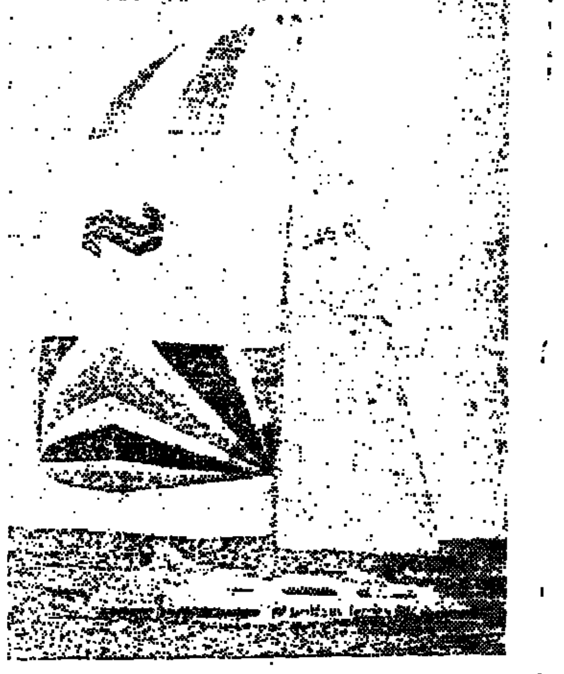
Twenty one years later, shorthanded sailing *has come of age. A magnificent fleet of 104* yachts has gathered in Plymouth for this weekend's start of the Observer/Europe 1 Transatlantic Race, to be sailed over the same Plymouth to Newport course as the four yearly OSTAR but this time with two people on board instead of only one.

As recently as last June, the fleet that set off on the 1980 single-handed race had a pinched, hastily put together look about it. Many of the leading competitors were drilling and welding things together hours before the start.

But this year, the boats are beautifully built and well turned out. The rigs, particularly on the 35 multi-hulls, are a vast improvement, and at last look man enough for the job they will be asked to do over the next few weeks. The fleet has applied all the lessons that have been learned over the past 20 years on how to make a boat go as fast as possible with only a limited number of hands available.

Electric self-steering, roller-reefing forestays, self-tailing winches, spinnaker hoisting chutes, battery chargers using wind generators or solar cells—all these are now standard equipment on these boats, where only five years ago they were at the experimental stage.

The biggest single cause of this change has been the growing interest of commercial sponsors, especially the French, in short-handed ocean racing. Fifty-six of the 104 entries are sponsored, several of them well into six figures. Paul Ricard, the French drink company has spent several hundred thousand pounds developing a foiler trimaran for Eric Tabarly, the most famous yatchsman in France (trimaran—a yacht with three hulls; foiler—a pair of sea-going stilts which lift the outer hulls out of the water and reduce drag). Drink, cigarettes, food and travel companies have poured money into this race—there are two boats carrying the Kriter name, a Charles Heidsieck, a Gauloises, a Royale, two Brittany Ferries and one Exchange Travel. The boats form the basis of advertising campaigns, the skippers commit themselves to a variety of promotional activities sometimes spanning several years.



Chay Blyth's new trimaran "Brittany Ferries GB"

Picking a winner from this year's fleet is more than usually difficult, since the standard of both boat and skipper has now risen so high. The 44 French entries easily outnumber the 30 British ones. The best, possibly the only hope of an overall British victory lies with Chay Blyth and Rob James in the brand new but largely untested 65 foot trimaran Brittany Ferries GB (the name distinguishes it from Brittany Ferries France, whose money has come from a different promotion budget). The two best seamen in the fleet are Tabarly and the Canadian Michael Birch. Birch is sailing with the American Walter Greene in a Greene designed 50 ft trimaran Télé-7-Jours. Thirtyfive of the entries are multihull, most of them new or newish trimarans, and one of these ocean greyhounds will almost certainly be first boat home. But if anyone is to break the recent multihull monopoly of these races it will be Michel Malinovsky and Joel Charpentier in Kriter VIII, 75 feet of long, slim-lined monohull, designed to slice through the North Atlantic headwinds and keep going flat out through the gales while the multihulls have to slow down. There could be no more beautiful or graceful winner if she does it.

CHESS

LEONARD BARDEN

THE IBM tournament in Amsterdam ended a few days ago with a rare defeat for world champion Anatoly Karpov. The young Dutchman Jan Timman, who plays particularly well in his home country, held off Karpov's late challenge and went through the 11 rounds without loss. It was Timman's second important victory in a few months in Holland following Wijk aan Zee early in the year; yet in between he visited the lion's den in Moscow and finished low down the table.

Final scores were Timman *(Holland)* 7½, *Karpov (USSR)* and Portisch (Hungary) 7, Hort (Czech), Kavalek (U.S.) and Smyslov (USSR) 6½, Ree (Holland) 6, Ljubojevic (Yugoslavia) and Miles (England) 5, Polugaevsky (USSR) 4½, Donner (Holland) 2½, Langeweg (Holland) 2.

In the context of his earlier achievements this year at Linares and Moscow, Karpov's near-miss cannot really be called a setback, even though his title challenger Korchnoi has won three events in a row at Rome, Lone Pine and Bad Kissingen. Karpov declared that IBM would be his last public appearance before the *championship match* in September, but Korchnoi continues in full action.

This weekend he is scheduled to play in a quadrangular at Las Palmas where his opponents *will be Seirawan of the U.S.*, Larsen of Denmark, and the Amsterdam victor Timman.

The British No. 1, Tony Miles, is still struggling to regain his peak form of last autumn and his two wins in Amsterdam were against the tail-enders. His celebrated 1 P-K4, P-QR3 victory against *Karpov last year* remains his only win against the world champion in about nine attempts.

He has had the black pieces in all but two of these games, went down to Karpov in Amsterdam playing Black in a Caro-Kann Defence, and wryly commented "He's half a pawn stronger with White."

One advantage for Timman in Holland is his knowledge of the other Dutch masters' styles. He beat all three of his fellow-countrymen at IBM and this week's game is a good example of how to feed an opponent's psychological weakness. Viewers of the BBC's televised series will have noticed Donner's stubborn repetition of dubious strategies—originality for its own sake.

Here he is lured into a poor opening which brought him several earlier defeats.

White: J. H. Donner. Black: J. Timman.

Nimzo-Indian Defence (IBM 1981).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-QB3, B-N5; 4 P-K3, P-B4; 5 B-Q3, N-QB3; 6 N-B3, BxN ch; 7 PxB, P-Q3; 8 P-K4. *This is known from a celebrated* game of the Fischer-Spassky match; later analysis has established the gambit 8 0-0, P-K4; 9 N-Q2 as more promising.

8 . . . P-K4; 9 P-Q5, N-K2; 10 N-R4, P-KR3 (to prevent B-KN5 and prepare the space-gaining . . . P-KN4); 11 P-B3.

Donner's variation from 11 P-B4, N-N3! 12 NxN, PxN; 13 PxP? (better 13 0-0) PxP; 14 *B-K3, P-N3; 15 0-0, 0-0; 16* P-QR4? P-QR4! which gave Fischer as Black a clear advan*tage against Spassky. White's* fixed pawns form a convenient light-square target. A decade *later, it is worth recalling* Fischer's classical exploitation: 17 R-N1, B-Q2; 18R-N2, R-N1; 19 QR-KB2, Q-K2; 20 B-B2, P-KN4! 21 B-Q2, Q-K1; 22 B-K1, Q-N3; 23 Q-Q3, N-R4; 24 RxR *ch*, RxR; 25 RxR *ch*, KxR; 26 B-Q1, N-B5; 27 Q-B2? BxP! and Spassky resigned because of 28 QxB, QxKP with a double mate threat.

11 . . . Q-R4; 12 B-Q2, P-KN4; *13 N-B5, NxN! (some of Donner's earlier opponents took with the bishop)*; 14 PxN, *B-Q2; 15 P-KR4, P-N5; 16 PxP?*

Giving Black's KP a free run; castling is essential.

16...P-K5! 17 B-K2,P-K6! 18 BxP,QxP ch; 19 K-B2, P-KR4! (already Black can open up the *white king to a combined piece* attack): 20 PxP,N-K5 ch; 21 K-B3,BxP; 22 B-Q3,R-KN1! 23 BxN *(White's game is resignable. If 23 Q-B2 to save the* queen, then 23...B-N5 ch; 24 KxN,Q-K4 mate), B-N5 ch; 24 K-B2,BxQ; 25 QRxB,O-O-O; 26 B-B5 *ch*, K-B2; 27 P-R6,Q-B3; 28 Resigns. For if 28 P-N4, RxP wins another piece.

POSITION No. 374

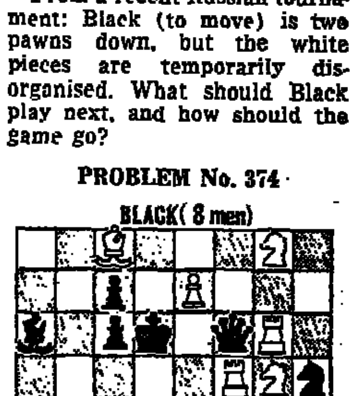
BLACK (8 men)

WHITE (10 men)

From a recent Russian tournament: Black (to move) is two pawns down, but the white pieces are temporarily disorganised. What should Black play next, and how should the game go?

PROBLEM No. 374

BLACK (8 men)



WHITE (14 men)

White mates in two moves, against any defence (by E. Gross). A *puzzle with a difference*—the white king is in check, and only one of White's nine possible counters (four with pieces, five with pawns) solves the problem.

Solutions Page 14

BRIDGE

E. P. C. COTTER

WE FIND the term *Avoidance Play* applied to any move made *by the declarer, during the* development of his tricks, designed to keep one particular *defender from gaining the lead.* Today, however, I discuss what I term *True Avoidance*, where *the declarer does not prevent a* defender from gaining the lead, but makes him pay too high a *price for the privilege.*

Take this deal from a rubber:

N
♠ 7
♡ Q 10 8
♢ K Q 6 5
♣ K J 9 7 2

W
♠ Q J 9 8 5
♡ 7 5 3
♢ J 9 8 2
♣ 3

E
♠ 6 4 3 2
♡ A 9 4
♢ 10 3
♣ A 10 8 6

S
♠ A K 10
♡ K J 6 2
♢ A 7 4
♣ Q 5 4

At game all, South dealt and bid one no trump, which North raised to three. West led the spade Queen, East following with the three, and the declarer won with his Ace. He at once *went to work on the clubs, leading* the four to dummy's King. East took, returning the two of spades, which was won by the King. South cashed the club Queen and winced when West discarded a heart. There was now no chance of making the contract, so South led a *heart* to dislodge the Ace, and went one down.

Avoidance would have saved the day. At trick two the declarer should cross to the diamond Queen, and return the two of clubs. If East ducks, the Queen wins, and South, with one club in the bag, switches to the heart two. This guarantees the contract *with two spades*, three hearts, three diamonds, and one club.

If East rises with the Ace, he gains the lead, but he has set up four tricks in the suit for declarer, and that is a price he cannot afford. But, you say, suppose West has the club Ace. Well, West can win, but he cannot attack spades, and the tempo gained allows the declarer to establish hearts and make 11 tricks.

Let us now turn to a suit contract:

N
♠ K Q 5
♡ K 10 8 2
♢ K 7 6
♣ 6 4 3

W
♠ J 10 9 7 4
♡ 7
♢ Q 10 8
♣ A 10 8 2

E
♠ A 8 3 2
♡ 9 5
♢ 9 4 2
♣ Q J 9 5

S
♠ 6
♡ A Q J 8 4 3
♢ A J 5 3
♣ K 7

South dealt at game to East-*West, and opened the bidding* with one heart. When North raised to three hearts, South *thought of making* a try with four diamonds, but changed his mind, and his rebid of four hearts concluded the auction.

West led the Knave of spades, dummy's Queen was played, the Ace won, and East returned the Queen of clubs, giving the defence two tricks in the suit. South ruffed the third club, drew trumps, and had to try the *diamond finesse.* That meant defeat.

Let us replay the hand. Instead of covering the spade Knave, we play dummy's five. A second spade goes to the Queen and Ace, and we ruff in hand. After drawing trumps, we cross *to the diamond King*, throw the club seven on the spade King, and now we cannot be defeated By delaying the establishment of our spade winner, we have managed to discard the club seven—a vital discard—not the three of diamonds, which would *achieve nothing.*

East can, of course, take the first trick, and cash two club *tricks*, but the price he pays is *two* spade tricks, on which we can throw away both our diamond losers.

BOOKS

Soldier extraordinary

BY GEORGE MALCOLM THOMSON

Monty: The Making of a General 1887-1942
by Nigel Hamilton. Hamish Hamilton. £12.00. 871 pages

Said Lady Herbert to her husband one day in September, 1939, "Perhaps it's a good thing this war's begun. Horrible—but, at last Monty's got a real job to do."

Monty who, since his wife's death, had been a cause of some concern to his friends, had indeed a real job to do. He went to France in command of the Third Division. The divisional transport was held up for days at Falmouth because Movement Control would not believe that the British Army was going to war in commandeered laundry vehicles. That sort of trifle did not worry Monty in the least.

By the time the division went into action, it was, by general agreement, the best trained formation in the BEF. More important, Monty brought it back to England out of the inferno of Dunkirk ready to go into action again in a matter of days.

Here is the first half of what is sure to be, for a generation at least, the definitive life of the most remarkable British soldier of World War II.

"Definitive?" That suggests something cold and formal. Let it be said at once then that Nigel Hamilton has had first access to the papers which Lord Montgomery entrusted to the author's father, Sir Denis Hamilton; to this indispensable foundation, he has added the fruits of extensive personal researches, making a military and social narrative of extraordinary vivacity and colour, naturally sympathetic to the hero but not for a moment pretending that he was without faults as a man and a general. This is a book of quite absorbing interest, the story of a highly controversial figure.

"Definitive!" It might suggest that the controversies have been swept under the carpet. On the contrary, here they are in all their prickly grandeur. I can see a whole Africa Corps of military historians ready to pounce!

Was Alam Halfa Monty's battle or Auchinleck's, as some commentators have suggested? Hamilton has little doubt that Auchinleck, a poor judge of men, could not have been relied on to control his armour in that critical battle. Why, though, was Monty so bitterly contemptuous of "the Auk?" Hamilton cannot supply the answer, although he thinks that the feud dates from the basic disagreement between the two men in 1940 over the way Southern England should be defended.

He does not deny that there was a mean, ungenerous streak in Monty. It was part of the character of this military maverick, this showman, this "show off," this wearer of funny hats, this vulgarian detested by most of his contemporaries in the Army and admired by only a discerning few.

His lectures ("Thirty seconds for coughing: after that no coughing") were rehearsed to the last gesture before a shaving mirror. "You must be very careful in the use of a mirror," said Stanislavsky. "It teaches an actor to watch the outside rather than the inside of his soul." But, dangerous though it might be, in Monty's case it worked. The outside was enough.

If anyone wishes to know what Monty's speeches were like here, verbatim, is the most important of them all, his address to his officers in the desert on joining the 8th Army:

> "Here we stand and fight. . . . No belly-aching. If anyone objects to doing what he is told to do, then he can get out, and at once. . . . There are people who think I am slightly mad. All I have to say is that if I am slightly mad, there are a large number of people I could name who are raving lunatics."

And so on, crisp, confident, conceited, egotistical — the whole man is in that speech made at the climax of his career.

The journey thither had been rough, beginning with Sandhurst, where it had all but ended in disgrace because he set fire to the shirt tails of a fellow cadet ("an awful fellow"). A bad wound at the Somme; life as a moody, splenetic young officer, a celibate living only for his profession and then, suddenly, a proposal in the fives court at Charterhouse and a happy (too brief) marriage. After he had wooed (and failed to win) another girl by giving her grave lectures on infantry tactics, on the beach at Dinard! By the time the Second War came, Monty was about the most professional officer in an army of amateurs.

This curse of amateurism (afflicting even men as distinguished as Gort and Alexander) was something he raged against too publicly when he had come back to London from the disaster in France. It explained Dunkirk and the succession of defeats in the Desert. It explained his caution at Alamein which puzzled Rommel so much. How could he be anything but cautious in view of what Hamilton charitably calls the "diffidence" of the 10th Armoured Division? At that time Monty had subordinates who disliked him almost to the point of disobedience. It explained the fury with which he set about cutting the dead wood out of a division guarding the Sussex coast against the Germans:

> "The CO is a really pathetic sight, very old and looks very ill, should be sent away to end his life in peace somewhere."

Or of one Commander Royal Engineers: "Completely and utterly useless; prematurely aged, has also taken to drink."

And so on, through the catalogue of dismissals. An alternative method of clearing the stables was the inauguration of bi-weekly runs for all officers up to the rank of major—no way to win popularity among the elderly and out of condition!

Monty knew that against an enemy as efficient as the German army only one thing would do—sheer professionalism, plus dedication. After all, he had seen his own hero, Alan Brooke, a man of steel and ice, break down in tears on the beach at Dunkirk at the shame which had befallen the British Army, so brave, so badly led.

Monty's tongue, rough with the aged, did not spare the more glamorous. Here he is on Mountbatten: "A very gallant sailor. Had three ships sunk under him. *Three* ships sunk under him. . . . Doesn't know how to fight a battle."

It is hard to find the right slot for this odd-ball which the British military caste had thrown up: not one of the evangelical generals, not a cold careerist like Marlborough nor a cool aristocrat like Wellington. Hamilton finds his closest likeness in another star of another profession: "Nelson and Montgomery were schoolboys in mentality, in impudence, vanity, ambition and human relationships." It is a convincing bracketing apart, of course, from Lady Hamilton.

Monty (right) with Eisenhower and Tedder inspecting the Allied troops in training for D-Day. The first volume of a mammoth new biography of the Field Marshal is reviewed today

Single lady

BY RACHEL BILLINGTON

Christina Rossetti
by Georgina Battiscombe. Constable. £9.50. 234 pages

Christina Rossetti was a well-known poet in her own time and has continued to be one — despite the lack of a contemporary Collected Works. Her "Song":—

> "When I am dead, my dearest,
> Sing no sad songs for me;
> Plant thou no roses at my head,
> Nor shady cypress tree."

can be recited by many in school-room tandem with Wordsworth's "Daffodils." Yet her life is little documented. This is perhaps because she has always had a walk-on part in the great drama of her brother, Dante Gabriel Rossetti's life. A supporting actress seldom makes it to starring role. But more essentially because her almost obsessive reticence about herself gave little clue to her inner life.

Alice Meynell, another woman poet of the same era who not only shared this reticence but also, like Christina, held strong religious views, wrote a fascinating introduction to an early collection of poetry. In it she quotes Christina's brother, William (who provides most of the biographical information on his sister):—

> "One thing which occupied her to an extent one would hardly credit was the making-up of scrap-books for hospital patients or children." Mrs. Meynell commented, with obvious approval, 'So far was this woman of genius from the rebelliousness and self-seeking not unknown among women writers of a little talent.'"

In trying to uncover the heart of such a poet Georgina Battiscombe has set herself no easy task.

Christina's outer life is all too easy to summarise. She was born of an Italian mother in London, 1830. London remained her home for most of her life and, until her mother's death at the age of 86, she was almost never parted from her. She had two suitors, both of whom she respected and one she seems to have loved. She rejected them both on religious grounds. James Collinson became a Roman Catholic and Charles Cayley, although baptised a Christian, practised no religion. Anglo-Catholicism was central to Christina's life, both inner and outer. She died after much illness, at the age of 64.

The extraordinary thing about this quiet history is that Christina, as Mrs Battiscombe describes her, was born with a passionate nature. "On one occasion when scolded for some fault, she seized a pair of scissors and ripped open her own arm." Dante Gabriel and Christina were known as "the storms," her elder sister, Maria, and brother William as "the calms." She had little interest in serious study and relied on wit and charm to get her through. She was also, until illness struck, very beautiful.

So contradictory is this description of her nature with the actual events of her life, that an earlier biographer, Mrs Packer, managed to discover a grand passion between Christina and one, William Bell Scott. Mrs Packer found it particularly useful in explaining the contents of the love-poems. William Bell Scott was a friend of the family, a married man and certainly a more obvious subject for romantic passion than either the sleepy, plump, uninspired Collinson or the cerebral, scholastic Cayley. Yet Mrs Battiscombe is totally convincing with an explanation which, though less dramatic, is just as interesting.

Christina loved her family, her God and Cayley. These experiences alone gave her enough material to write all her poetry. The quality of inspiration in the creative writer is often misunderstood by the commentator and therefore underrated. As Mrs Battiscombe points out, Emily Brontë had no personal experience from which to create Heathcliff. On the other hand, she, like Christina, had a brother. Dante Gabriel's love affairs, his long sad association with Lizzie Siddall leading eventually to an unhappy marriage and suicide, his adoration for Janey Morris, his love affair with Fanny Cornforth were certainly the stuff of poetry. Again this is not a simple answer for the Victorian code of behaviour meant that Dante Gabriel never declared his love to his family unless it was accompanied by marriage. Yet one can't help feeling that any sister as close to her brother as Christina was, must have understood at the deepest level.

Christina's love for God needs little explanation. Mrs Battiscombe sees "agape" as central to her inspiration in a way that "eros" never could be. It is only sad, perhaps, that the nature of her life (and the fashion of the period in which she lived) gave her an over-absorption in death. Alice Meynell reproves her for this. Indeed her reputation for morbidness may be a barrier to a wider modern readership. However anyone who has read her poetry selectively, knows that her pre-occupation with death was balanced by a glory in God both on earth and, far more wonderfully, in the paradise to come. The simple poems have the lightness and emotion of Blake's "Songs of Innocence and Experience." The more complicated compare well with Manley Hopkins's vibrant celebrations of unearthly love:

> "Golden-winged, silver winged,
> Winged with flashing flame,
> Such a flight of birds I saw,
> Birds without a name."

Finally there is Christina's love for Charles Cayley. Her rejection of him does seem to us now, inexplicable. On his death, he left her a ring from his desk. On her death she left the rings from her wedding finger to the church offertory. Very likely, one was his. Not enough is known to make a judgment about their relationship. Perhaps they would have been unhappy locked together in marriage. As it was they were able to continue all their lives in a close if not intimate association.

A young poet visiting Christina as an old woman was struck by her "brisk and cheerful," un-poetess-like manner. The repression in her life may have produced the compulsion to write. Georgina Battiscombe's straightforward, sensible biography leads one to hope for this positive explanation of what might otherwise seem a tragedy.

Christina Rossetti—from the portrait by her brother Dante Gabriel Rossetti

Comrade sleuth

BY ISOBEL MURRAY

Gorky Park
by Martin Cruz Smith. Collins. £6.95. 365 pages

At the beginning of *Gorky Park*, two sets of investigators are called to the Moscow park, snowbound in winter. Three bodies have been found there, and the investigation will be for the militia if they are "everyday corpses," for the KGB if any questions of state security are raised. Already we detect an atmosphere between the KGB Major Pribluda and the police investigator Arkady Renko.

Soon a shocking detail emerges: the corpses have no faces, and their finger ends have been removed to prevent identification. Later we will learn that on past experience Arkady is justified in pushing the case toward the KGB, and even that he has grounds for suspecting Pribluda as the most likely initiator of the grisly find. Meantime, the investigation is left to Arkady.

The police novel is a well established genre, capable of achieving anything from slick tricks to serious or satirical exploration, but at a stroke Martin Cruz Smith has transformed it. A police novel convincingly set in Moscow is something else: the position of an honest chief investigator in a totalitarian state is something new for us to contemplate.

Arkady has a Party card, but no enthusiasm: he is the despair of his wife Zoya. He knows and increasingly discovers the desperate nature of "justice," the fallibility of man and system. Indeed, after the faceless dead are found in Gorky Park, the most important dramatic discoveries of the novel are inside Arkady's head, for all the scenes of violent action to follow.

As the novel progresses, the character and consciousness of Arkady are rendered and developed with a delicacy and subtlety worthy of Graham Greene at his best. The other characters with whom he interacts help to define him for us by contrast. There is the initial blunt opposition of Arkady and the devious KGB major; later the powerful, ruthless American policeman Kirwill claims that he and Arkady have much in common. Further contrasts are with Arkady's boss, the prosecutor Iamskoy, and the successful American arch-criminal Osborne. And each of these lesser characters is a fully rounded one.

Arkady learns about his deepest loyalties when he falls in love with Irina Asanova. She is Siberian, disaffected, truly dissident and wholly intent on reaching America. He is finally too much a Russian to leave his country for her. His position and identity are too securely based on history, his father's military reputation, his own favoured upbringing.

It may already be clear that I find this book extremely impressive: it brings me out in adjectives. Beside *Gorky Park* such an earlier book as *Canto for a Gypsy* is a mere talented *jeu d'esprit*. *Gorky Park* is from the same pen but magnificently sustained, rich and mature. It is a book to read and re-read. There is no diminution of pleasure once the reader knows the outcome: the way the plot twists, turns and unfolds is a delight to watch which improves with aquaintance. Definitely the book of the year so far.

Martin Cruz Smith: corpses in the snow

Flying bombs

BY REX WINSBURY

The Doodlebugs
by Norman Longmate. Hutchinson. £12.95. 549 pages

Financially, Hitler had a bargain. The total direct cost to the Germans of the Doodlebug campaign—the V-1 pilotless flying-bombs that attacked London from June to September 1944—was about £14m, according to Air Ministry estimates. The cost to Britain, in shells, bombs, aircraft lost, and damage to property, was £70m, a ratio of £1 to £5 in the German taxpayers' favour.

The overhead costs were in Germany's favour also. Only 185 German soldiers died during Allied air strikes at the launch sites; but 2,917 Allied servicemen and 6,184 civilians died, and 1,939 servicemen and 17,981 civilians were injured. One million homes in Britain were damaged, and 23,000 destroyed.

Such is the grim accounting of war. But that does not strike the final balance-sheet. For in the end, the Allies won the battle hands down. By September a combination of anti-aircraft fire, fighter interception, barrage balloons, and Allied troops advancing on the launch sites across northern Europe had brought the Doodlebug campaign to a standstill. But in that brief period nearly 6,000 flying bombs had got through, and 40 per cent of them hit London.

Norman Longmate has done an excellent job in quantifying the V-1 campaign, and his maps add further precision, setting out the launch sites and the "hit list" across the counties of England and the boroughs of London (Croydon got 141, but Hampstead only 8). There are many excellent pictures and some contemporary cartoons to support the text.

But the main thrust of the book is to record the reaction of civilians to the brief but terrible danger to which they were exposed. As a child, I lived through the first V-1 attacks, only to be evacuated swiftly to Norfolk, where ironically I came nearest to being hit by a Doodlebug when it crashed into the cliff face at Hunstanton, not far from the house where we children were billeted. Mr. Longmate's embarrassment, as he frankly admits, was the sheer weight of personal reminiscences, such as this, which came to him when he embarked on his book.

The problem is that the reminiscences are inevitably repetitive. The basic experience—the sudden and unpredictable descent of the Doodlebug from the sky—was the same in all cases, and the variety of reaction to one experience, however frightening, must be limited. Also, in my opinion Mr Longmate has allowed his account of civilian experiences to obscure and interrupt his account of the more varied military campaign. I would particularly have liked to read more about the anti-aircraft gunners, who were, according to Mr Longmate, the real but unsung heroes that stopped the Doodlebugs, rather than the derring-do fighter pilots who captured the public's imagination.

The book is, therefore, a laborious read from cover to cover, but redeemed twice over by a wealth of fascinating and well-researched detail. It seems that Colonel Wachtel, the German commander of the Doodlebug operation, after the war became manager of Hamburg airport, where presumably fewer of his aircraft came crashing to the ground.

Wartime in Chernigov

BY ANTHONY CURTIS

Heavy Sand
by Anatoli Rybakov, translated from the Russian by Harold Shukman. Allen Lane. £7.95. 380 pages

Anatoli Rybakov is a professional Russian author who lives in the Soviet Union, and has been publishing fiction there since 1948. Before that he trained as an automobile engineer at the Moscow Institute of Transport Engineering, and during the war was in the Red Army where he saw active service at the front. He was born in Chernigov in 1911, and it is there that *Heavy Sand*, a novel about a Russian Jewish family, from the early part of the century before the Revolution until the family's almost total obliteration by the Germans during the second world war, is set.

The book has already been published in Russia where its uncompromisingly frank account of the fate of Russian Jewry under the Nazis made an enormous impact. Apart from its historical significance as being the first sustained account freely available inside the Soviet Union of what happened to one section of Soviet citizens under the Germans, it is also a highly readable novel.

Mr. Rybakov has written children's books and his style possesses a deceptive simplicity. He carries one along compulsively as he describes the family's pre-war existence alongside its Russian, Ukrainian and Polish neighbours, under its patriarchal head, the wise pugnacious bootmaker, grandfather Rahlenko. Through some passages of charming good humour we are led to the harrowing climax when the entire Jewish community is rounded up to be worked to death in the timber forests or to be summarily shot. Even in these grim final scenes the author maintains the poise and irony of an artist. Here is a novel to be read both for enlightenment and pleasure.

Woman at gunpoint

BY WILLIAM WEAVER

Special Occasion by Clare Curzon. Collins, £5.95. 206 pages

Basically, a hostage story. A recently-remarried widow comes home from an Embassy party to find her young son, her father-in-law, and the baby-sitter in the power of three thugs. Her husband, before he can join her, gets into trouble on his own. Needless to say, the situation has its origins in other, more remote malefactions: and as these are gradually sorted out, the tense situation inside the house works towards its conclusion. Clare Curzon is a new writer (this is her second crime novel) and, obviously, a gifted one. A well-paced drama, with characters you never lose interest in.

HOW TO SPEND IT

by Lucia van der Post

The stunning view of Manhattan from Windows on the World

This week the How To Spend It page returns to the theme of New York and, once again with help from Arthur Sandles, gives a highly personal, subjective list of some of the restaurants worth a visit. For those who have already planned to visit the United States this week's fall of the pound against the dollar is bad news. But even with the pound exchanging for under $2, first-time visitors will be pleasantly surprised to discover just how reasonably-priced many American restaurants are.

To impress: **La Grenouille** at 3 East 52nd Street off Fifth Avenue or **Lutece** at 249 East 50th. If you decide to entertain at both in the same week you clearly weren't sensible enough to cross the Atlantic with Sir Freddie Laker — you believe in going by Concorde and won't be worrying about those $30 theatre tickets. Both restaurants offer superb French food at superb prices.

For business: Breakfast in the restaurant of the **Regency Hotel**, Park Avenue at 61st, where your chauffeur will have plenty of company outside. Lunch at **Windows on the World** in the World Trade Centre. There isn't another view like it—you can eat with much of Manhattan spread out before you.

Dinner could be taken in the cool orderliness of **La Petite Ferme** at 973 Lexington which will demonstrate that you have a taste for good food or, if you prefer to play safe, try the restaurant of the **Waldorf Astoria**, Park Avenue or the **Rainbow Room**.

However the Rainbow Room, 30 Rockefeller Plaza, is better saved for that remarkable American institution, Sunday brunch. Unfortunately for many readers of this page the best view from this lofty restaurant of Central Park is from the Men's Room. The mood is more relaxed and the food more inventive at the **Soho Charcuterie**, 195 Spring Street at Sullivan.

Go there for some of the freshest, most enticing salads in town and a dazzling range of omelettes (try the smoked salmon and ricotta cheese one). After brunch there you can wander around the local boutiques and art galleries.

Elaine's, 1703 2nd Avenue at 88th. Way down on the Lower East Side—too far for many—but ever since Woody Allen made it famous it has acquired a cachet of its own. Don't go for the food but go to star-gaze if that's your scene—always full of pop stars, writers, actors.

Sardi's, 234 West 44th Street. Wonderful food, renowned for its theatrical clientele. If you can't get a seat downstairs don't bother to go.

Some of the places locals dismiss as tourist haunts are often well worth trying for visitors. For an elaborate evocation of the Art Nouveau period, go to **Maxwell's Plum**, on First Avenue at 64th. Said to be the first of the singles' bars, visitors go more for the atmosphere than for the gastronomic experience.

Though some locals dismiss **Serendipity 3** as "a place used by people from Queens" which is a bit like saying that all the customers come from Sidcup, none the less it serves really very good salads. Serendipity 3 is just around the corner from Bloomingdales on 60th. It is a tiny Tiffany-accented place serving light meals and is extraordinarily popular. Either book or be prepared to queue.

You would have to go a long way to find somewhere more touristy than **Mamma Leone's** on West 48th Street. Gargantuan fixed menus are served in a place that looks like a film set. The standard is acceptable, however, and it's a great place to take teenage children with healthy appetites and no weight problems.

The most treacherous waters for any guide is the range of small intimate restaurants which New York has in abundance and which really do need expert local help.

If you want such a restaurant before you have time to consult local help (and for heaven's sake don't ask hotel porters or taxi drivers for romantic restaurants, if they were interested in romance they would not have that sort of job) try one of the following. Both reflect my view that a person who does not prefer good food to candlelight and violins is not worthy of the bill anyway. **Le Veau d'Or** is small enough to be called cosy if there were not so much hustle and bustle. Try to get a corner table at the back. The chicken livers, as a main course, are fantastic and the noise will at least prevent neighbours hearing any of your more intimate chit-chat. Find it on East 60th Street.

Alternatively try **Pinocchio** on East 81st, which has lighting low enough to satisfy anyone worrying about facial lines or double chins.

Dinner at either of these places, including wine, will set you back between $50 and $70 for two unless you are heavy drinkers and prefer chateau bottled clarets.

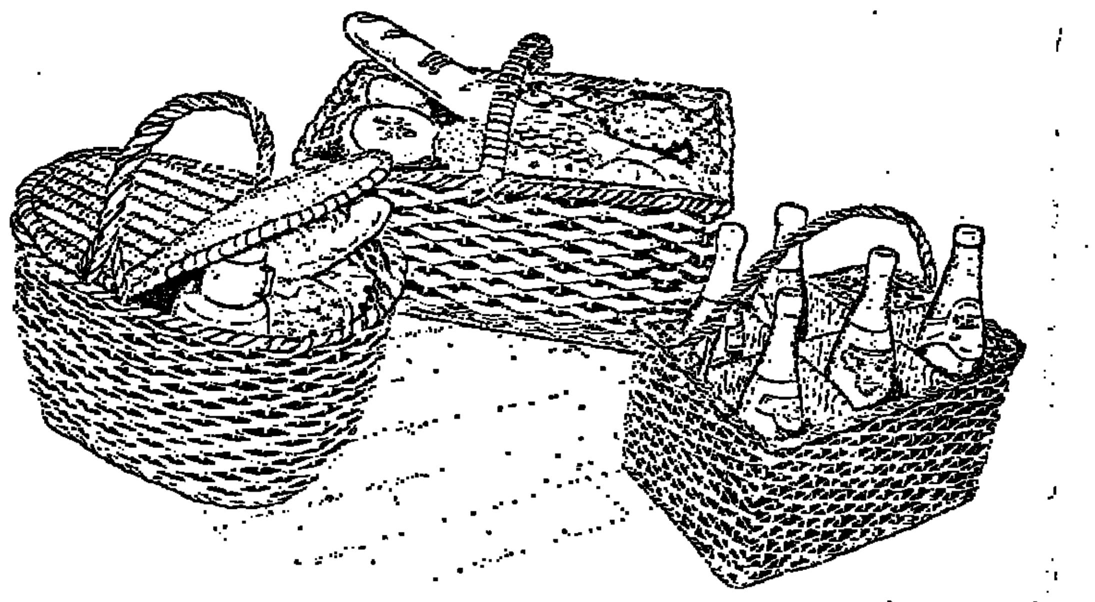
Bagel And . . . 51 Christopher Street, in Greenwich Village. A real deli meal can be had for well under the equivalent of £3. Their home-made bagels are made in batches all through the day—try their lox and cream cheese.

Stage Delicatessen, 834 Seventh Avenue. Open from 7 am to 2 am, frequented by stars of stage and screen—just the place for those amazing sandwiches the Americans do so well, which are more than a meal and must be the best fast food there is.

Le Relais, 712 Madison, is where the sophisticated working girls often eat. You need to book but it's especially good at lunchtime and offers the kind of delicious diet-conscious food that those beautifully-groomed girls go in for.

Russian Tea Room at 150 West 57th mixes the best cocktails and in a recreated Russian setting serves many Russian specialities.

Carry outs



PICNIC TIME is here again and already the members' enclosures and the lawns of Glyndebourne are filled with the British at their annual summer rites. What with Henley, Wimbledon, Goodwood and Ascot yet to come the picnic season has a lot more mileage in it yet.

For those who plan on taking their own refreshments, whether to such glossy events, or just on humble family outings, then a sturdy willow basket is an infinitely more agreeable container than those plastic boxes, no matter how elaborately fitted out they are.

Divertimenti, of 68, Marylebone Lane, London, W1, currently has a very attractive selection of just such baskets, all hand-woven in England, all made from stained willow.

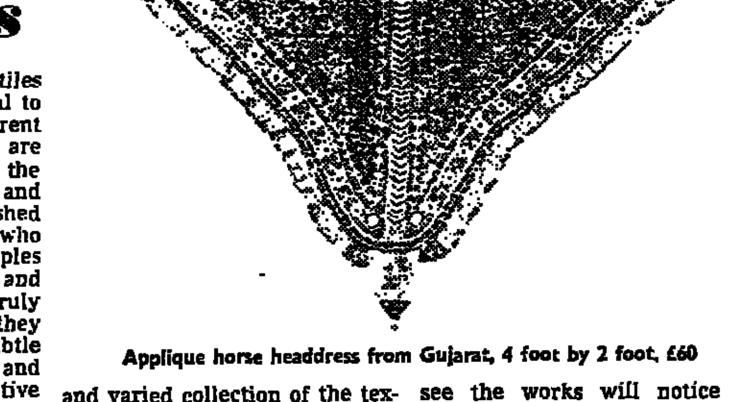
Sketched above are, left, a two-lidded food hamper, roughly oval in shape (about 19 in long by 11 in across) and it sells for £15.71. In the middle at the back is a rectangular open basket, 21 in long, 14 in wide and 8½ in deep, £17.71. Finally, on the right, is a bottle basket with separate compartments for carrying six bottles (13½ in long, 9½ in wide, by 8½ in deep) for £11.31.

For those who believe that events like Glyndebourne and Ascot should be untrammelled by sordid preoccupations like filling all those baskets, there are a number of companies that will now relieve their customers of this chore—at a price. Fortnum and Mason and Harrods are well known for these sorts of services but a new company on the scene worth noting because of its apparently old-fashioned dedication to the notion of service, is Duff and Trotter. It only operates a delivery service so there is no address just a telephone number, 01-582 8373. Ring for a free brochure.

It offers to deliver six days a week (Monday to Saturday) from 8.30 am to 8.30 pm only in Central London. It takes orders 24 hours a day and orders placed before 11 am will normally be delivered on the same day—wine is delivered 24 hours after receiving the order. Orders over £5 are delivered free.

Its basic business consists of supplying a whole range of delicious-sounding foods but for the summer season it is offering a selection of picnics which include all the food (but not things like cutlery, plates, glasses or drinks). For Glyndebourne, for instance, suggestions include a choice of six starters (of which the asparagus with a vinaigrette dressing or the jardiniere of mushrooms, courgettes and tomatoes à la Greque sounded the most enticing to me), four main courses (Scotch salmon with sauce verte, lobster, chicken or boeuf stroganoff salad), various salads and mouth-watering puddings like strawberry Romanoff. The price, for two, for all four courses, varies from £13.75 to £19.50, depending upon which main course is chosen. Much simpler picnics are offered for the racing crowd, for Wimbledon and even for Ascot—though, of course, there is nothing to prevent gourmets ordering the Glyndebourne one to take to Wimbledon (if I make myself clear).

Past patterns



Applique horse headdress from Gujarat, 4 foot by 2 foot, £60

EXHIBITIONS OF textiles always seem to me to appeal to so many people at very different levels. There are those who are attracted to them simply for the skill of the craftsmanship and the colourfulness of the finished items. Then there are those who see them as vanishing examples of an ancient tradition and finally there are those who truly understand everything they stand for—all the subtle nuances of caste and class and social position that in primitive societies are woven into every stitch and pattern.

Those who are attracted by textiles, for whatever reason, will find that the current exhibition at Graham and Green, 4 and 7, Elgin Crescent, London, W11, is a wonderfully colourful and varied collection of the textiles that contribute to the visual and social history of Rajasthan, Gujarat and Sind.

Collected over a period of five years by Joss Graham, the pieces can be viewed and bought from now until Saturday, June 27.

Anybody who goes along to see the works will notice at once that applique work was a traditional technique, at once decorative and functional, used both for embellishing and strengthening clothing, furnishings and animal trappings. The old applique work is very beautiful and those who have taken the time and trouble to study the techniques are able to tell a great deal from the motifs chosen and the methods by which they have been sewn. Though the basic motifs are usually floral, Muslim work is entirely geometric while Hindu applique uses flowers, birds, animals and figures from folk mythology.

Each community has its own design traditions and though very often those who carry on the techniques have long since forgotten their original significance, they still continue to embroider them on their fabrics. The codes of colour, pattern and how they are worn carry deep significance—a peasant of the area would as fain wear the wrong garment as a Campbell would sport the tartan of a MacDonald.

Prices begin as low as £7 for cushions and go on up to £200 for the most elaborate of the hangings.

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America on a plate

BY JULIE HAMILTON

AMERICAN FOOD, though in some ways similar to ours, is more kingsize, more cosmopolitan and in recent years it has become more health-conscious. The old America, the America of the pioneer and the homestead, produced all those dishes that come to mind when we think of American food—things like Boston baked beans, Maryland honey spiced ham, peanut butter banana bread, Southern pecan pie, lemon chiffon pie, waffles and so on. If that is the aspect of American food that interests you then *The Saturday Evening Post All American Cookbook* by Charlotte Turgeon and Frederic A. Birmingham (published by Arrow Books, £1.50) has authentic recipes for them all. The book is now out of print (since February) but try to borrow it from your local library.

The new America, melting pot of so many different nationalities, has produced some equally famous creations—things like Caesar and Waldorf salads, the delectable amalgam that makes up Creole cooking in the South, as well as sophisticated East Coast versions of La Nouvelle Cuisine.

Perhaps one of the greatest contributions of old American food has been the one-pot dishes that the pioneers developed on their trails. These were easy and delicious ways to warm and comfort, needing no sophisticated modern cooking devices—just a pot and a fire.

Of these the most seductive of all is fish chowder—one of the glories of American food. It translates very well to this side of the Atlantic and is a wonderfully simple, yet delicious way to feed large numbers of people. This version of a New England chowder comes from the *All American Cookbook*.

NEW ENGLAND CHOWDER
serves 6 to 8

★★★★★★★★

4-5 lb of haddock, cod or other white fish; 3 tablespoons diced salt pork; 1 large onion, diced; 6 medium-size potatoes; 2 pints of milk, scalded; 3 or 4 teaspoons salt; ¼ teaspoon black pepper; 4 tablespoons butter; cream crackers.

Ask your fish dealer to fillet the fish and to give you the skin and bones. If he has a couple of extra heads or tails, take them. Put the trimmings in 2 pints of cold salted water. Bring them to a boil and simmer while you are preparing the rest of the chowder.

Heat the pork in a deep heavy pan over moderate heat, stirring frequently so that the pork bits will become brown on all sides. Remove them with a slotted spoon and reserve. Cook the onion in the pork fat until soft. Do not brown.

Peel and cut the potatoes into small chunks. Add them to the fat with enough boiling water to cover. Cover the pan and cook 10 minutes or until the potatoes are almost tender. Add the fish fillets cut in 1½ inch pieces and simmer 10 minutes longer. Add the strained fish liquor (½ pint) and the milk. Stir well, taste for seasoning, and set aside. Reheat in the top of a double boiler just before serving. Add the butter and pork chips and serve very hot with cream crackers.

I have an opera singing friend, David Rendall, who on his last visit to New York went to Zabar's Deli, came home with many delicacies, including carrot cake and, best of all, *Zabar's Deli Book*, in which I discovered a novel and delectable way of using up cold roast beef.

ROAST-BEEF SALAD
serves 4

★★★★★★★★

2 tablespoons wine vinegar; 6 tablespoons olive oil; ½ teaspoon salt; 1 clove garlic, crushed; 1 teaspoon mustard powder; 2 teaspoons paprika; freshly ground black pepper to taste; ¾ lb roast beef cut in fine strips.

Mix the vinegar and oil in a jar. Mash the salt into the garlic, add it to the oil and vinegar and shake well. Then add the mustard, paprika and pepper. Pour it over the beef and let it marinate uncovered for several hours.

To serve, spoon the roast beef salad onto slices of French bread and garnish with black olives, tomatoes and pickled cucumber.

The next recipe uses rice and need no accompaniment other than a green salad.

KEY WEST PORK CHOPS
serves 6

★★★★★★★★

3 tablespoons oil; 6 lean pork chops; 10 oz uncooked rice; 6 large slices of onion; 6 slices of lemon or lime; 6 tablespoons chilli sauce (available at Safeways); 24 fluid oz tomato juice; salt to taste; ½ teaspoon tabasco.

Pre-heat oven to gas mark 3 (325F). Heat the oil in a large, heavy flameproof casserole dish on top of the stove. Brown the pork chops on both sides. Remove the chops and stir in the rice (which must be dry), coating all the grains with fat. Arrange the chops on top and sprinkle with salt. Place a slice of onion and lemon (or lime) and a tablespoon of chilli sauce on each chop. Mix the tabasco with the tomato juice and pour it in. Cover closely and bake until the chops are tender (approx. 1 hour).

FROSTED CARROT CAKE

★★★★★★★★

Now for carrot cake which is loved all over America. But first let me thank all of you who so kindly sent me such clear and good recipes for it when I asked for suggestions some week ago. Here is the recipe from Mrs R. A. Rothenberg of Hampstead Way, London NW11.

6 oz plain flour; 1½ level teaspoons baking powder; 1½ level teaspoons bicarbonate of soda; 8 oz caster sugar; 4 oz chopped walnuts; 8 oz carrots, washed, trimmed and grated; 3 large eggs; 8 fluid oz of corn oil; ¾ teaspoon salt; 1½ teaspoons ground cinnamon; 1 teaspoon vanilla essence.
For the frosting: 1 oz soft butter; 6 oz cream cheese; 8 oz icing sugar sieved; ½-1 teaspoon almond essence.

Heat the oven to gas mark 4 (350F). Grease and line an 8 in. loose-bottomed cake tin with greaseproof or Bakewell paper. Place corn oil and sugar in a bowl and beat well together. Add eggs, one at a time, beating well after each addition. Sift flour, baking powder, bicarbonate of soda, salt and cinnamon together and stir into oil mixture. Beat well. Add chopped walnuts, carrots and vanilla essence. Turn into a prepared tin and bake for 1 hour until cooked through. A warm skewer pierced into the centre should come out clean. Allow to cool in tin.

To make the frosting, place all the ingredients in a bowl and beat well until blended and smooth. Spread over the cooled cake with a fork.

ARTS

Vox Populi

BY B. A. YOUNG

When I complained that radio wasn't dealing with the burning issues of the day, several people referred me to *File on 4*. I resolved to pay special attention to *File on 4*; but where is it? The last time it came up was on April 29. So although I will pay attention to it, it won't be this week.

Meanwhile, I thought I might hear something important on *Any Questions?* (not yesterday's programme, which was too late for the deadline, but the previous week's). But this programme, although important people participate, is hardly to be taken seriously. What would be your choice of the most suitable music for 1981? Is Barbara Cartland betraying her image and disappointing her admirers by not going to the royal wedding? If you were Michael Foot, how would you feel about Tony Benn? Even with splendidly articulate speakers like Paul Boateng on the bench, nothing very serious is going to come out of that. Do you think black communities can rely on the police? One reply to that was a passionate indictment of the police handling of the Ripper case. If *Any Questions?* is only to be a popular phone-in type programme, it seems an awful waste of time for the eminent people who sometimes take part.

At least we have another centenary to celebrate this year besides Bela Bartok's. It was in 1381 that the Kentish rebels under Wat Tyler marched on London and secured from the 14-year-old Richard II everything they asked for. Even a simple Kentish peasant like Wat should have known better than trust that monarch, and after a bit all the peasants trailed back to Kent and Essex, having gained little but the assassination of Archbishop Sudbury, the Chancellor who had imposed the hated poll-tax on them.

Edwin Pearce's Monday Play, *Poor Pikeman*, made a colourful tale of it, starting at the climax, where the boy King is confronted by a Wat, basically a goodie, who has drunk too much on the way; then going back to illustrate how the rising began, how a tax-gathering sergeant stuck his pike through a little girl who had been hidden to avoid being taxable, how the mad preacher John Ball whipped up the people against the Archbishop at Canterbury, how Wat led the "true loyal commons," as he called them, to Blackheath and then to Smithfield. It had an old-fashioned ring, with dialogue that could encompass phrases like "a Kentish girl, a girl with eyes that danced, a budding rose of Kent," all delivered in Mummerset voices. Barry Foster played Wat Tyler and John Rowe played Ball. Roger Pine was the director.

Barry Foster also played Jim Lawrence the space engineer in Saturday-Night Theatre's *A Fall of Moondust*, a version of Arthur C. Clarke's novel by Andrew Lynch. Good Saturday-night entertainment, this, with no strain on the intellect, just an extended strain on the curiosity. A lunar charabanc with 22 paying passengers on board and a pilot who fancies the stewardess has fallen into a moonquake, and is lying fifteen metres down in dust as fine as water. Will Jim Lawrence and his team get there before the victims die from heatstroke or carbon dioxide poisoning? With a lavish display of technical language, Mr. Clarke defers the outcome as long as he can, trumping each apparent solution with a better one until at last the passengers can climb up a rope-ladder into the air-bubble on the surface, no doubt (though Mr. Clarke forgot to mention it) finding the climb pretty easy against a gravity only one-sixth as strong as the earth's.

It might have happened in a diving-bell or a coal-mine or an oil-rig, and indeed the 21st-century Moon doesn't sound any more exciting than Berkshire; but the tension's the thing, and Glyn Dearman's direction, with endless cross-cutting from one location to another, kept that at full stretch.

I am bewildered by the belief, expressed most recently by the BBC's Mr. D. P. Leggatt in this paper, that VHF provides reception with the least interference. With the least interference from other stations, yes; but I can only suppose that Mr. Leggatt lives in some area devoid of aircraft or motor-traffic. My VHF reception is seldom free for as much as a minute from sounds like tearing canvas, or burning logs, or drilling the road; as cars and motor-bikes go past. It was like that in London, and it's like it where I live now. I am told I must have a vast aerial and point it in the right direction.

A print's progress

BY WILLIAM PACKER

The Fine Art Print, though never more popular, is born of any number of apparently strange and complicated processes; and it is never a bad idea to throw some light on its mysteries. The Redfern Gallery has just published a six-colour, three-plate acquatint, printed immaculately, of course, by JC Editions, by Norman Stevens, an artist who has made some of the most distinguished prints of recent years. The excellent idea occurred to them to mount a small explicatory show around it, taking the development of the print from sketch and preparatory study, through the several plates to the final colour state, with a few oil paintings hrown in to make clear that it was no isolated exercise, but in its subject matter central to Stevens' preoccupations as an artist.

The subject is the Stilt Garden at Hidcote, in Gloucestershire, which is the property of the National Trust. Stevens has long been drawn to formal gardens with their simple sculptured trees and hedges, overhung paths and alleys, and their sense of deeply-shaded enclosure, and this work shows not only at his best, but at his most characteristic, the heavy somewhat threatening mass of the trees poised delicately on their stilty legs, through which the eye dodges to the blank hedges beyond.

Artists are as likely to value and enjoy the Trust and all its works as any other section of the community: but they are also rather more likely than most to give their experience particular expression. Stevens is one, and surely there are many others; but to judge by the cards and images currently offered by the Trust, the point has still to be taken.

Theatre Royal

BY B. A. YOUNG

Edna Ferber and George S. Kaufman, who wrote this comedy now at the Birmingham Rep, were both noted wits, but they've put small taste of their quality into the play. It's a ponderous romantic piece about the conflict between marriage and the stage, and the comedy relies mostly on fantastic characters who do, rather than say, laughable things. The titular family, the Cavendishes, are popularly associated with the Barrymores, and connoisseurs will no doubt elicit parallels and laugh at the good-natured raillery. The date is about 1930.

There are four Cavendishes. Lally Bowers cleverly contrives to make Fanny, the senior, seem a not-very-old actress playing an old actress posing as a not-very-old actress. Her daughter Julie, now in her prime, looks so youthful in Sheila Gish's effective performance that *her* daughter Gwen (Shirley Cassedy) appears actually a little older. (I think it's the wig.) Julie's brother Anthony (Patrick Mower) is just a figure of fun, prancing about the Cavendish apartment like a schizophrenic Erroll Flynn, in period costume if he feels like it.

What the Cavendishes do, besides acting, is retire from or return to the stage. Fanny, recovered from an illness, decides to go back to the stage. Gwen, having met a nice young stockbroker, decides to leave the stage. They're all horrified by her decision; but when Julie meets a rich businessman, she decides to leave the stage. Anthony decamps to Europe in a hurried effort to avoid the results of battery and breach of promise.

Of course they never do leave the stage; even Anthony succumbs to the lure of a Hungarian constructivist Passion play that sounds dreadfully familiar to 1981 ears. Gwen's two-month-old baby is dedicated to the theatre over pink cocktails by great-grandma Fanny, who then, with paperback predictability, dies gracefully in an armchair to make way for him.

It's all decorated with plenteous extravagant comedy detail of a superficial nature. There's a sympathetic Jewish manager, well played by Paul Imbusch, and a Cavendish relation, Herbert, advancing, as Coward says, with every sign of reluctance into middle-age. (Coward directed the play in 1934 and later wrote a similar but better piece, *Present Laughter*.) Tenniel Evans is a truthful Herbert, and Rosalind Boxall a terrifying creature as his wife Kitty, for ever pleading for younger roles in a voice like a circular saw.

It is done with the needful polish under Clive Perry's direction. I think he should have found another dress for Gwen in Act 2; and the contemporary theatre references, mostly opaque to us, might fruitfully be rewritten to incorporate familiar names — Gershwin, Woollcott, Shubert. There's a smart all-purpose set with six doors or so and a staircase for good entries, the work of Geoffrey Scott.

1980 Giles Cooper awards announced

Irish playwrights Stewart Parker and William Trevor have won two of the four Giles Cooper awards for radio work. The awards were for the best BBC radio plays of last year.

Mr Parker, from Belfast, wrote The Kamikaze Ground Staff Reunion Dinner, and Mr Trevor, of Cork, wrote *Beyond the Pale*.

The other two awards went to Martyn Read, for *Waving at a Train*, and to Peter Redgrove, for *Martyr of the Hives*.

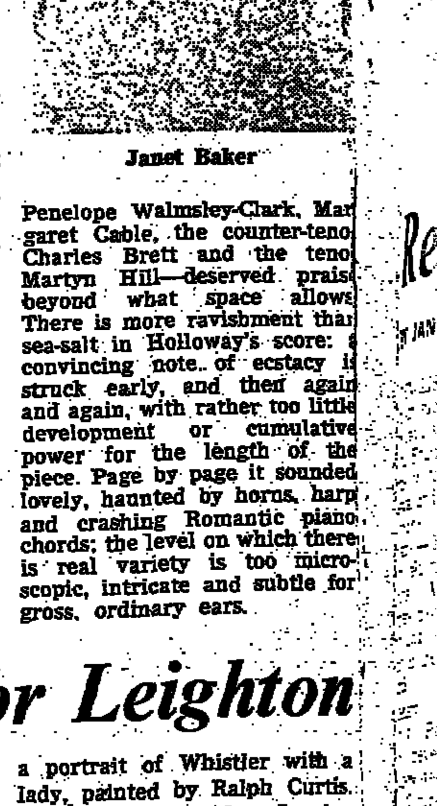
The awards, were named after Giles Cooper, who devoted most of his writing life to the development of the radio play.

The winning plays were chosen from 500 broadcast by BBC radio during 1980.

Purcell and Holloway

BY DAVID MURRAY

The range of the festival at Christ Church, Spitalfields — more than a dozen concerts in a week — was exemplified in Thursday's concert: Purcell's *Dido and Aeneas* with Dame Janet Baker, and the second London performance of Robin Holloway's *Sea Surface Full of Clouds*. The Festival Director Richard Hickox conducted the City of London Sinfonia in both works, with his own chorus and a well-cast team of solo voices. If Purcell's little opera was given full-bloodedly modern treatment (and who dares to say that a cautiously "authentic," narrow-gauge *Dido* must convey Purcell's intentions better to a modern audience?) the expansive Holloway cantata fairly billowed in the ripe Christ Church acoustic.



Janet Baker

Dame Janet is a peerless Dido now; her measured address permits intimations of passion and grief to just the degree consonant with the musical idiom, and in her plangent tones the character is writ large without a dramatic detail blurred. Claire Livingstone made a soundly menacing Sorceress, and the Belinda of Marie McLaughlin — stylish and warmly sympathetic — confirmed her growing reputation. As regards Aeneas, it is conventional to remark (a) that there isn't much to the part, and (b) that Mr X made unusually much of it; so did John Shirley-Quirk this time. May it not be that Purcell gave his Aeneas exactly the weight appropriate to the dramatic scale?

Sea Surface Full of Clouds sets a poetic seascape by Wallace Stevens in five cantos. In Christ Church scarcely a word was audible, though the musicianship of the soloists—Penelope Walmsley-Clark, Margaret Cable, the counter-tenor Charles Brett and the tenor Martyn Hill—deserved praise beyond what space allows. There is more ravishment than sea-salt in Holloway's score: a convincing note of ecstacy is struck early, and then again and again, with rather too little development or cumulative power for the length of the piece. Page by page it sounded lovely, haunted by horns, harp and crashing Romantic piano chords; the level on which there is real variety is too microscopic, intricate and subtle for gross, ordinary ears.

Record for Leighton

Victorian paintings still seem to be under-priced compared with Impressionists and contemporary works. Christie's yesterday sold a good range of pictures for £471,970, with 17 per cent bought in, with prices generally up to expectation but quite modest.

The top price was the £90,000, plus 11.5 per cent in buyers' premium and VAT, paid by the London dealer Richard Green for "The painter's honeymoon," by Lord Leighton. It was an auction record for the artist as was the £19,000 which secured a portrait of Whistler with a lady, painted by Ralph Curtis. Owen Edgar, another London dealer, bought a typical classical scene by Alma-Tadema, "Water pets: goldfish," for £48,000.

A portrait by Millais of the young Eveline Lees realised £18,000. The main disappointments were a portrait of Ellen Heaton by Rossetti, bought in at £13,000, and "Eros, love in idleness," by Meteyard, where bidding stopped at the same sum.

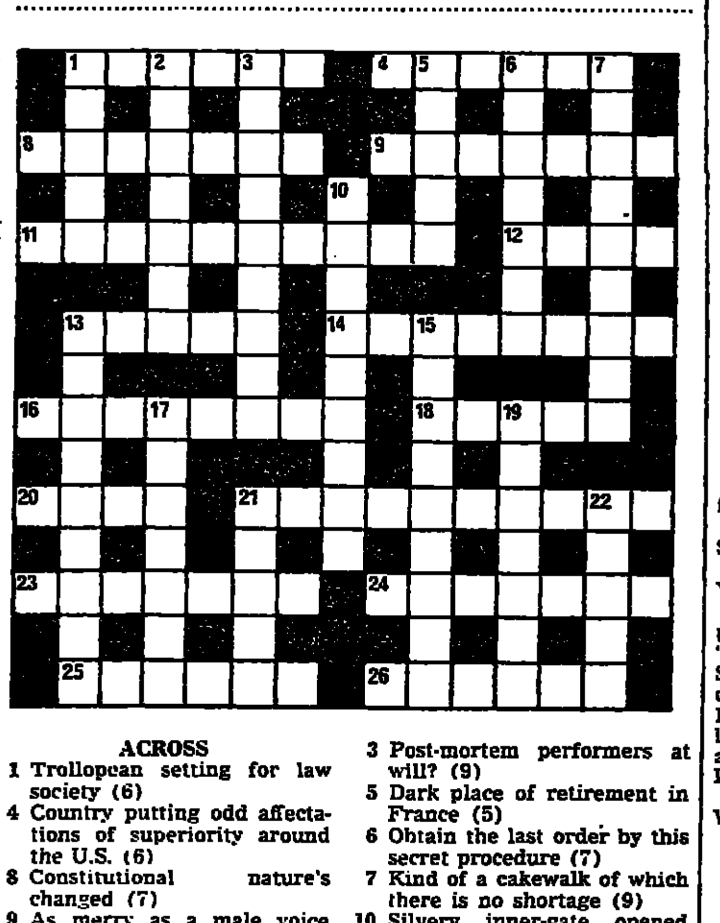
A.T.

F.T. CROSSWORD PUZZLE No. 4,587

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



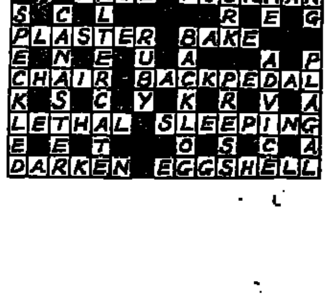
ACROSS

1 Trollopean setting for law society (6)
4 Country putting odd affectations of superiority around the U.S. (6)
8 Constitutional nature's changed (7)
9 As merry as a male voice choir? (7)
11 Source of origin of grandsire we hear (4-6)
12 A dicey way of getting home (4)
13 Inner court apt to waver at No. 10 (5)
14 Pink or white, it is undesirable — here's plea, then, for restoration (8)
16 and 18 Former British record-holder dwelling in the west country (8, 5)
20 One to succeed in the iron-works (4)
21 Keep on the beach? (4-6)
23 Heart of Midlothian greeting in play (7)
24 Co-operator around work units shows unusual sensitivity (7)
25 Move round centre and plan crops (6)
26 Copy M1 characters recklessly? How short-sighted! (6)

DOWN

1 Caber-tossing couple (5)
2 Capital spring-lock (7)
3 Post-mortem performers at will? (9)
5 Dark place of retirement in France (5)
6 Obtain the last order by this secret procedure (7)
7 Kind of a cakewalk of which there is no shortage (9)
10 Silvery inner-gate opened (9)
13 Cromwellian guard? (9)
15 Honourably teach Lily to reform (9)
17 Intent and, in speech, wildly important (7)
19 Recommended brush-stroke for difficult wee pups (7)
21 Rent is low in Yugoslavia (5)
22 It is computer's work to record Olympic finalists (5)

Solution to Puzzle No. 4,586

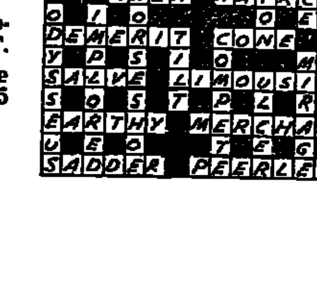


SOLUTION AND WINNERS OF PUZZLE NO. 4,581

P. A. Meachaen, 15, Honeygate, Luton, Beds.

Mr J. G. Hughes, 180, Camphill Avenue, Glasgow G41 3DT.

Mrs P. D. Hawker, 84, Little Bargate Street, Lincoln LN5 8JC.



TV/Radio

BBC 1

7.15-8.30 am Open University (Ultra high frequency only). 9.10 Rockface. 8.35 Lassie. 9.55 Help! It's the Hair Bear Bunch. †10.15 "False Roomers" with Edgar Kennedy. 10.37 Weather. 10.40 Cricket: England v Australia for The Prudential Trophy from Edgbaston.
12.45 Grandstand: Boxing (12.55) Highlights of Tuesday night's Barrett/Duff promotion from the Royal Albert Hall, London; Cricket (1.25, 2.10, 3.20, 3.55) England v Australia for The Prudential Trophy; Racing from Haydock (1.50, 3.00, 3.35); Tennis (3.20, 3.55) The French Open Championship Ladies' Final; 5.00 Final Score.
5.00 News.
5.10 Sport/Regional News.
5.15 Alias Smith and Jones.
6.25 You Must Be Joking!
6.55 Saturday Première: "The Wild and the Free."
8.30 The Val Doonican Music Show.
9.15 News and Sport.
9.30 Roots.
11.00 Saturday Night at the Mill.

All Regions as BBC1 except as follows:

Cymru/Wales — 5.10-5.15 pm Sports News Wales.

Scotland—11.50 pm News and Weather for Scotland.

Northern Ireland—2.10-3.55 pm Rugby Union (opt-out from "Grandstand") Second Test: South Africa v Ireland; live coverage from King's Park, Durban. 5.10-5.15 Northern Ireland News and Sport. 11.50 News and Weather for Northern Ireland.

England—5.10-5.15 pm (South-West only) Saturday Spotlight.

BBC 2

7.40 am-2.20 pm Open University.
†2.20 pm Saturday Cinema: "I'll Get You For This" starring George Raft.
3.45 The Sky at Night.
4.05 Cricket: England v Australia for The Prudential Trophy.
7.00 News and Sport.
7.15 The Petworth Inheritance.
7.45 Bardget Riley.
8.15 Around With Alliss.
8.45 The Levin Interviews: Bernard Levin talks to Lord Weinstock.
9.15 Film International: "Bolwieser" (German film with English sub-titles).
11.05 Cricket: England v Australia (highlights).
11.35 News On 2.
†11.40 Midnight Movie: "The File on Thelma Jordan" starring Barbara Stanwyck.

LONDON

8.45 am Sesame Street. 9.45 Anna and the King. 10.10 Survival. 10.35 Thunderbirds. 11.30 Clapperboard. 12.00 Mork and Mindy.
12.30 pm World of Sport: 12.50 International Sports Special (Part 1) Football—preview of England v Hungary match; Boxing—WBC Super Featherweight Championship, Cornelius Boza-Edwards v Bobby Chacon; followed by Australian pools check; 1.15 News; 1.20 The ITV Six from Epsom and Catterick; 3.10 International Sports Special (Part 2) Speedway — World Individual Championship — British Final from Coventry; 4.00 Wrestling; 4.50 Results Service.
5.05 Dick Turpin's Greatest Adventure.
5.35 News.
5.45 Family Fortunes.
6.15 Only When I Laugh.
6.45 World Cup Football—Hungary v England, from the Nep Stadium, Budapest.
9.00 Magnum.
9.55 News.
10.10 Boxing — Alan Minter (GB) v Mustafa Hamsho (U.S.) from Caesars Palace, Las Vegas.
11.15 The Monte Carlo Show.
12.15 am Police Surgeon.
12.45 am Close: Personal Choice with Jane Lapotaire.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Mind Over Matter. 10.00 The Lost Islands. 10.25 Clapperboard. †10.50 Saturday Morning Film: "Life is a Circus," starring The Crazy Gang. 12.16 am At the End of the Day.

ATV

9.10 am Chalkface. 9.35 Numbers at Work. 10.00 Clapperboard. 10.30 The ATV Saturday Morning Picture Show. 11.15 pm Saturday Cinema: "Deliver Us from Evil," starring George Kennedy.

GRAMPIAN

9.15 am Fangface. 9.45 The Adventures of Parsley. 9.50 Sesame Street. 10.50 Here's Boomer. 11.10 240 Robert. 12.00 Clapperboard. 8.50 pm Last Night of the Proms—The Scottish National Orchestra, conducted by Sir Alexander Gibson, live from the last night of the concert at the Usher Hall, Edinburgh. 11.15 Reflections. 11.20 Magnum followed by Scottish Counties Cricket Scoreboard.

GRANADA

9.16 am Manscape. 9.40 Numbers at Work. 10.05 Mystery Island †10.15 "The Last of the Mohicans," starring Randolph Scott. 12.00 Clapperboard. 11.15 pm Lou Grant. 12.10 am Darts World Knock-out Cup. 12.45 The Monte Carlo Show.

HTV

9.25 am Numbers at Work. 9.50 Manscape. 10.15 Clapperboard. †10.45 "Sea of Sand," starring Richard Attenborough and John Gregson. 12.28 pm HTV News. 5.44 HTV News.

HTV Cymru/Wales—As HTV West except: 10.15-10.45 am The Book Tower. 5.05-5.35 pm Sion a Sian.

SOUTHERN

9.00 am Sesame Street. 10.00 The Extraordinary People Show. 10.30 Thunderbirds. 11.30 Clapperboard. 12.00 The New Fred and Barney Show. 12.27 pm Regional Weather Forecast. 11.15 Southern News. 11.20 Lou Grant.

TYNE TEES

9.00 am Cartoon Time. 9.10 Chopper Squad. 10.00 Friends of My Friends. 10.25 Sealab 2020. 10.50 Saturday Morning Movie: "The Adventures of Tom Sawyer." 12.20 pm Check It Out Extra. 5.43 North East News. 11.15 Tenspeed and Brown Shoe. 12.15 am Three's Company.

WESTWARD

9.30 am Look and See. 9.35 Thunderbirds. 10.20 Gus Honeybun's Birthdays. 10.25 Clapperboard. 10.50 The Saturday Morning Picture Show: "Skullduggery," starring Burt Reynolds. 12.27 pm Westward News. 5.43 Westward News. 12.10 am Faith for Life. 12.15 West Country Weather and Shipping Forecast.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm 25 Years of Rock (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly (S) 5.00 Rock On (S). 6.00 In Concert (S). 7.00-9.00 Soccer Special: Hungary v. England.

RADIO 2

5.00 am Tony Brandon with his Saturday Early Show (S). 8.02 Racing Bulletin. 8.04 David Jacobs presents Star Sounds (S). 10.00 Pete Murray's Open House (S). 12.00 Two's Best with Len Jackson (S). 1.00 The Impressionists. 1.30 Sport on 2: Racing from Epsom; Cricket: One-day Prudential Trophy match between England and Australia, plus news and scores from The Schweppes County Championship; World Cup Football from Budapest, plus news and reports of tennis, cycling, golf, rugby union and motorcycling. 5.00 Football. 5.45 Classified Racing Results/Cricket Scoreboard. 6.00 Country Style. 7.02 Cricket Desk. 7.05 Three in a Row. 7.30 The BBC International Festival of Light Music (S). 8.30-8.50 Interval. 10.00 Nordring Rendezvous (S). 11.02 Sports Desk. 11.10 Peter Marshall's Late Show (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S) (continued on VHF only). 10.40 Cricket: England v. Australia: commentary on the second one-day international for the Prudential Trophy. 1.00 pm News. 1.05 Scores and reports from Schweppes County Championship matches (followed at 7.30 pm by an interlude). 7.40 What the Papers Said . . . after the first public television broadcast in Britain. 8.00 Bath Festival 1981, part 2: Handel (S) (part 1 on VHF only at 7.00 pm). 8.55 The Classical Guitar (S). 9.35 The Desire and Dream of a Lifetime. 10.00 Prokofiev (S). 10.30 Solo (S). 11.00 News. 11.05-11.15 Henri Vieuxtemps (S).

VHF—with Medium Wave except as follows: 5.55-7.55 am Open University. 10.40 Stereo Release (S) (continued). 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Songs by Gounod and Hahn (S). 2.00 Play It Again (S). 5.00 Jazz Requests (S). 5.45 Critics' Forum. 6.35 Ashkenazy Plays Beethoven (S). 7.00-7.40 Bath Festival 1981 from the Theatre Royal, part 1 (S). 11.15-11.55 Open University and 11.55-12.55 am Open University for students in Scotland, Wales and Northern Ireland only.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm from Carlisle. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 Just a Minute (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Thirty-Minute Theatre (S). 3.00 International Assignment. 3.30 Poetry Please! 3.40 Breath of Life. 4.10 Profile: Jazz violinist Stephane Grappelli. 4.30 Does He Take Sugar? 5.00 Conversation Piece. 5.50 Shipping Forecast 5.55 Weather; Programme News. 6.00 News. 6.15 Desert Island Discs (S). 6.55 Stop the Week with Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Enterprise in the North East. 11.00 Lighten Our Darkness. 11.15 A Part Time Island. 11.45 Turntable (S). 12.00 News.

TV RATINGS

w/e May 31

UK TOP TWENTY (viewers m)

1	The Professionals (LWT)	14.20
2	Are You Being Served? (BBC)	13.95
3	Butterflies (BBC)	13.80
4	Crossroads (Wed) (ATV)	13.55
5	European Champions Cup Final (BBC)	13.25
6	The Great Escape (BBC)	13.00
7	The Other 'Arf (ATV)	12.55
8	Crossroads (Tue) (ATV)	12.20
9	Family Fortunes (ATV)	12.10
10	Jim'll Fix It (BBC)	12.05
11	Nine O'Clock News (Tue) (BBC)	11.75
11	Nine O'Clock News (Tue)	
13	The Light At The Edge Of The World (ITV)	11.65
14	Hart to Hart (ITV)	11.65
15	That's Carry On (ITV)	11.35
16	World Cup Grandstand (BBC)	11.25
17	Sale of The Century (Ang)	11.10
18	Nine O'Clock News (Thur) (BBC)	11.05
19	A Short Walk To Daylight (BBC)	11.00
20	Coronation St (Mon) (Gra)	10.85
20	That's Life (BBC)	10.85

Figures prepared by the Audit of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen ratings)

1	Bob Hope Birthday (NBC)	21.3
2	Jeffersons (CBS)	20.1
3	Dukes of Hazzard (comedy) (CBS)	19.7
4	60 Minutes (news) (CBS)	19.3
5	20/20 (ABC)	18.7
6	Love Boat Special (ABC)	18.5
7	Alice (CBS)	18.4
8	Dallas (drama) (CBS)	18.2
9	MASH (comedy) (CBS)	17.9
10	Trapper John, MD (CBS)	17.6

CHESS SOLUTIONS

Solution to Position No. 374

1 . . . R-R7! wins. If 2 RxR,BxR and White has two pieces attacked; if 2 B-B6, RxR; 3 PxR,RxR ch wins. The game ended 2 R-QN6,R-R2; 3 Resigns, as the pinned bishop is lost.

Solution to Problem No. 374

1 P-N4(threat 2 P-K8=N). BxB; 2 Q-Q3, or if QxR(N3); 2 N-K4, or if P-B4; 2 Q-Q5, or if N-N2; 2 Q-KN3. Traps are 1 P-QB4? P-B4 or 1 P-Q4? BxB or 1 P-K4? QxR(N3) or 1 P-KB4? N-N2.

COLLECTING

Detail from the original manuscript for Scarisbrick Hall, Lancashire

Repton's little Red Books

BY JANET MARSH

THE ENGLISH garden has been as much subject to the evolutions and revolutions of fashion as the English house. All the whims of the passing age — Classical and Romantic, Rococo, Gothick, Chinoiserie, Picturesque — have been reflected in the planning and design of gardens. And always the planners have returned to the great and often acrimonious debate of the formal versus the natural.

Literary gardeners from Bacon to Pope ("In all let *Nature* never been forgot") had advocated the natural; and it was Nature that won out in the era of the great landscape gardeners, the second half of the eighteenth century. This was the period when so many of our great country estates first assumed the appearance that today seems wholly characteristic of the English countryside. It was a period dominated by two men — Lancelot (called "Capability") Brown and Humphry Repton.

Brown (1715-1783) began life as a kitchen gardener, but quickly displayed his singular capacity for envisioning landscape effects. He laid out his first major architectural and landscape scheme, at Croome, in 1751.

Humphry Repton saw himself as a disciple and follower of Brown, though he had no reserve in criticising the ruthlessness with which Brown, with his abhorrence of straight lines, would erase every trace of the formal and geometrical gardens of an earlier taste. He perceived, too, that Brown's pursuit of the natural eventually hardened into its own kind of formalism.

Repton's approach was certainly more rational, practical and open to compromise. He combined, it was said, "artistical knowledge with good taste and good sense."

Repton was born into a modestly *prosperous* middle-class family in 1752, sent to Holland to learn Dutch, and trained in the textile trade. He failed at various ventures, and it was only at the age of 38, after losing most of his money in an abortive scheme to improve the carriage of letters, that he decided to set himself up as a landscape gardener, equipped by a long-established passion for botany and horticulture.

Repton claimed to have invented the term "landscape gardener," explaining in his *Sketches and Hints on Landscape Gardening* (1795): "I have adopted the term landscape gardening, as most proper, because the art can only be *advanced and perfected by the* united powers of the landscape painter and the practical gardener. The former must conceive a plan, which the latter may be able to execute; for though a painter may represent a beautiful landscape on his canvas, and even surpass nature by the combination of her choicest materials, yet the luxuriant imagination of the painter must be subjected to the gardener's practical knowledge in planting, digging, and moving earth . . ."

Repton produced several books on landscape gardening, charmingly written and eminently practical in their painstaking consideration of all the needs and comforts of a country home. He condemned such romantic inconveniences as Brown's insistence upon having the park and its fauna extending right to the front door.

He deplored, too, such thoughtless vanities as "that fatal rage for destroying villages or depopulating a country, under the idea of its being necessary to the importance of a mansion;" or the custom of flanking a gate with two square lodges. "The habitation of a single *labourer, or perhaps a solitary* old woman to open the gate, is split into two houses for the sake of childish symmetry . . . And very often the most squalid misery is found in the person thus banished from society, who inhabits a dirty room a few feet square."

"I have often found," he sagely observes, "that, as 'a little learning is a dangerous thing,' a little taste is a troublesome one."

His books were based on his famous series of "Red Books," as Repton himself styled them. When commissioned by a client, he would prepare one of these books, oblong and morocco bound, containing maps, plans *and sketches to illustrate the* schemes he proposed. In particular he had invented a method of what he called "slides": a system of flaps attached to charming little watercolour views permitted the client to see before-and-after transformations of his property. Some of these slides were reproduced in copper-plate in his published books, and provide their special attraction.

Now very rare in the saleroom, one of Repton's original manuscript Red Books comes under the hammer in a sale of books and manuscripts at Phillips on June 11, when it is estimated to realise around £2,000. It is a scheme — never in fact carried out — for Scarisbrick Hall, Lancashire, and includes a plan for a Gothic style house, deemed "more consonant to the antiquity of the family," by Repton's son John, who concerned himself with the architectural aspects of a number of the Red Books. With its thoughtful text, signed by Repton, its plans, diagrams and delightful watercolour sketches (two with "slides") it is an attractive tribute to the work of a dedicated professional.

In aid of the butterfly

STAMPS

JAMES MACKAY

THE ISSUE of the four British stamps featuring butterflies last month coincided with the launch by Dr. David Bellamy of a nationwide butterfly census—the first of its kind anywhere—to mark National Butterfly Year. The census is being organised by Watch, the junior wing of the Royal Society for Nature Conservation, nature conservation trusts in each county, and scientists from the Institute of Terrestrial Ecology. The Post Office will be sending details of the census to 12,000 schools. According to Dr. Bellamy most of the 60 British species are declining in numbers and the places where they can be seen are *fewer*.

Concern for nature is a worldwide matter and postage stamps are being used increasingly to promote conservation campaigns. The foremost body, the International Wildlife Fund, *celebrates its* 20th anniversary this year and a number of countries have already signified their intentions to issue stamps in honour of the event. Meanwhile, the conservation of fauna, flora and landscapes against the encroachments of civilisation is the subject, directly or indirectly, of several new issues.

The U.S. was the first country to appreciate the value of stamps for this purpose, issuing a stamp for Arbor Day as long ago as 1932, and showing children planting a tree. In 1956 a set of three 3 cent stamps, prepaying the then letter rate, featured endangered species and was followed, at annual intervals, by stamps promoting wildlife, forest, soil, water, and *range conservation*.

Further stamps were issued sporadically from 1968 onwards, including several sets of four in 1971-72. This theme has been given a tremendous boost by a booklet containing 10 different 18 cent stamps, prepaying the new letter rate. The stamps feature a bighorned sheep, a harbour seal, a brown bear, a Wapiti elk, a white-tailed deer, a puma, a bison, a polar bear, a moose, and a pronghorned antelope.

Coincidentally, *a new* definitive series portraying Great Americans is now in progress. The latest denomination, 17 cents, was issued on May 28 and shows Rachel Carson, a writer and later editor *employed by the* U.S. *Fish and* Wildlife Service whose books *Under the Sea Wind* (1941) and *The Sea Around Us* (1951) awakened public interest in the ecology of the American seaboard. It was the publication of her book *Silent Spring* in 1962, however, which really brought her to prominence, and sparked off a major international controversy over the use and effects of chemical pesti*cides*.

Canada has also had a long history of publicising wildlife conservation, issuing several sets in the 1950s to mark National Wildlife Week.

Philatelic interest in the subject waned but, as in the U.S., there was a resurgence of multicolour stamps depicting endangered species from 1968 onwards. Since 1977, Canada has issued stamps derived from paintings by Robert Bateman, the celebrated explorer and naturalist. The latest stamp was released on April 6 and featured wood bison in their natural habitat.

France has issued occasional stamps to promote nature conservation and the latest is a Fr 1.60, scheduled for June 22, highlighting the need to preserve coastal areas which have been threatened by oil pollution in recent years. The stamp shows a heron, with a view of sea-coast, marshland and a river estuary in the background.

The current definitive series of the Cayman Islands shows some of the many species of birds, animals and fishes found in the mangrove swamps in the north of Grand Cayman and around the smaller islands which, since the advent of tourism, have come under considerable pressure. A set of four stamps is being released on June 16 showing reptiles and amphibians whose habitat is threatened. Among them is the hickatee or fresh-water turtle which has suffered from the depredations of pet stores.

Taiwan's coastal waters abound in exotic and unusual marine life, but a need to alert the Chinese to threats to this valuable resource has prompted the issue, on June 14, of four stamps depicting some of the crabs of the Taiwanese seashore.

The volcanic and extremely isolated island of Ascension in the south Atlantic is not noted for the richness and variety of its flora, and yet the definitive series launched on May 11 is devoted to 15 different species of flowers and plants. The establishment of garden plots on Green Mountain by the first *settlers in 1816 upset the* natural cycle of plant colonisation and several of the flowers now depicted are exceedingly rare. On July 6 Cyprus will issue four stamps depicting wild orchids, under constant threat *from the encroachments of* tourism and agriculture.

One way of ensuring the preservation of fauna and flora in their natural surroundings is the creation of parks, where England took the lead as far back as 1720. The idea spread to other parts of Europe and wildlife parks were established in Germany in the mid-18th century. Outstanding examples of these parks, ranging from 1765 to 1869, are the subject of six stamps which the German Democratic Republic will issue next week. This year marks the golden jubilee of the National Trust for Scotland, two of whose properties—Glenfinnan and the remote island of St. Kilda—are shown on 14p and 25p stamps to be issued on June 24. At the same time some of the beautiful places in the care of the National Trust—Derwentwater, the Giant's Causeway and Stackpole Head, Wales—will also be publicised.

Second best amateur of all time?

GOLF

BEN WRIGHT

IF ONE accepts the premise that Bobby Jones was the best amateur golfer of all time, and there are many who simply rate him the best golfer, amateur or professional, then who is or was the second best amateur?

In the course of a rewarding and long-lasting correspondence I have enjoyed with the prominent British amateur international Eustace Storey, a contemporary of Jones when both were at the height of their powers, Storey has continually pressed Jones's claims to have been the best there ever was. In his latest letter he reiterates "no one has ever been or ever will be as good as he (Jones) was," and cited two powerful examples of Jones's prowess.

Storey describes how he and Cyril Tolley played the eventual winner Harrison "Jimmie" Johnston and Jones on the eve of the 1929 U.S. Amateur championship at Pebble Beach. The British pair were eminently satisfied to have got round in approximately 73 strokes apiece. The only trouble was that Jones had scored 65. The following year Storey recalled that Jones started 34824 against Sid Roper, a coal miner from Bulwell Forest, a public course near Nottingham in the first round of the Amateur at St Andrews. Roper's five pars of 44445 left him three down but he lost only by 3 and 2. Jones drove into the Cottage Bunker at the 427 yards fourth hole — not intended to punish tee shots. The recovery stroke he holed from the sand Jones was to describe as the best shot he ever hit. It was in 1930 that Jones pulled off the Grand Slam by winning the Open and Amateur championships of both Britain and America, a feat that will almost certainly never be equalled.

The Golf Journal, published bi-monthly by the United States Golf Association, last month came up with its findings on the second best amateur, having canvassed the opinions of seven great players and Joe Dey, the executive director of the USGA *for 35 years until 1969. More* than one "judge" pointed out the folly of comparing golfers from different eras, and some doubted the wisdom of excluding brilliant players who had enjoyed brief, but tremendously successful careers before turning professional.

Dey also cites the foolishness of ignoring the legendary Australian amateur Ivo Whitton, who once played off a handicap of plus eight—surely it couldn't have been at Royal Melbourne—and won the first of his five Australian Opens at the age of 18 in 1912 by five strokes from two Sydney professionals. After active service in the First World War as a lieutenant in the Royal Horse Artillery in Greece and Bulgaria, which deprived him of many championship opportunities when in his prime, Whitton won his final Australian Open in Sydney in 1931. He came from eight strokes back to pip Jim Ferrier, later to become USPGA champion in 1947, and the left handed Harry Williams by a single stroke. Whitton rated his 72 (*out in 33) that day in a* fierce gale the best round he ever played. Whitton also won the Australian amateur twice in 1921 and 1922. If only he had been able to travel the world by jet aircraft!

Of the judges USGA vice president William C. (Bill) Campbell, Walker Cup players Charles (Chuck) Kocsis, Jess Sweetser, Willie Turnesa and Charlie Yates, and Thomas E. Sheehan do not even mention a British player. All but one of the judges, however picked Francis Ouimet who, as an unknown 20-year-old beat British professionals *Harry Vardon and Ted* Ray in a play-off for the 1913 U.S. Open at The Country Club, Brookline. Ouimet had learned to play as a caddie at this club on the outskirts of Boston. He *remained an amateur all his* life, won the U.S. Amateur twice in 1914 and 1931, was a member of the first American Walker Cup team, amongst others in 1922, and became the first American to become captain of the Royal and Ancient Golf Club of St Andrews—Dey himself being the second.

Dey, whose opinions I respect most of all, nominates Royal Liverpool, Hoylake's duo of John Ball, who won the British *amateur eight times between* 1888 and 1912, and became the first amateur to win the Open at Prestwick in 1890, and Harold Hilton on his short list of six that also includes Jack Nicklaus, Ouimet, Charles "Chick" Evans *and Jerome Travers. Apart from* Jones, Hilton was the only amateur twice to win the Open Championship or the U.S. Open as an amateur, winning the British title at Muirfield in 1892 and Hoylake in 1897. Hilton was also the only Briton to win the U.S. Amateur—in 1911—when he also won the British amateur title for the third of four times.

At least Dey gives an honourable mention to Michael Bonallack for winning his five British amateur titles and Irishmen Joe Carr his three. But neither has a record to speak of in many visits to the United States, where the big ball regularly betrayed them.

Evans, like Ouimet a caddie, also like Ouimet won the U.S. amateur twice and U.S. Open once, and actually played in no less than 50 U.S. Amateurs—astonishing longevity.

He won both championships in the same year in 1916. The nonchalant Travers won the 1915 U.S. Open and promptly retired, having won the U.S. Amateur in 1907 and 1908, 1912 and 1913 previously.

In my own belief that golfers of different eras can hardly be fairly compared objectively, I present my short list of six for the title of the best amateur of the past 20 years — all of *whom I have seen play — dis*qualifying all who have since turned professional.

How about this sextet? Charlie Coe, U.S. Amateur champion in 1949 and 1958, and runner-up in the 1951 British, who also *lost to Nicklaus at the final hole* of the 1959 U.S. Amateur final; William C. (Bill) Campbell, the U.S. champion in 1964 whose Walker Cup career spanned 24 years, and who is the current U.S. Senior amateur champion; *Vinny Ciles, who won the U.S.* championship in 1972 and the British in 1975; Bonallack; Carr; and perhaps a surprise in last place — Gary Cowan of Canada, U.S. champion in 1966 and 1971.

Leap Lively for the Oaks

RACING

BY DOMINIC WIGAN

MR PAUL MELLON whose tough colt, Glint of Gold was completely outpointed by Shergar in the closing stages of the Derby must have a bright chance of gaining compensation through Leap Lively in today's 204th renewal of the Oaks.

Trained, as was the Derby second, by Ian Balding, the trainer responsible for Mellon's great Epsom hero, Mill Reef, Leap Lively became the Oaks favourite through default on the withdrawal of Fairy Footsteps. However, she is now probably entitled to her market position.

A high class juvenile, whose best performance in 1980 came when she landed Ascot's Hoover Fillies Mile, Leap Lively returned to that sort of form in the Johnnie Walker Oaks Trial at Lingfield last month. There the powerfully made Nijinsky *filly cut out all her own running* before pulling away from Allegretta to score by three lengths. It was a smart effort by the Kingsclere filly who runs in preference to Golden Bowl (now being aimed at the French Oaks) and a reproduction should see John Mathias's mount repelling market rivals Go Leasing and Blue Wind.

A better win and place alternative to the favourite is probably the least severely tested member of the party, Humming. On only her second racecourse appearance Peter McBean's filly proved too good for Rollrights in the Playboy Pretty Polly Stakes at Newmarket.

The Epsom card begins with what should be a fascinating race for the Uplands Park Acorn Stakes which sees the reappearance of several speedy fillies. Here I intend taking a chance with Steve Cauthen's once raced mount To The Point. This chestnut filly by Sharpen Up out of Right as Rain looked a particularly speedy sort when justifying some hefty bets in Chester's Sceptre Stakes on May 7.

Quickening into the lead a furlong out there Robert Sangster's filly-rumoured to be one of the fastest juveniles at Gavin Hunter's stable—found no difficulty in holding off Recline close home. Although *the runner-up did not com*plement the form when going down to another Sangster Filly, Wodonga, at Haydock recently, I am prepared to stick by To The Point whose grand dam, Pelting, would have lowered Indigenous's five furlong world record here had she been pushed out on Derby day 1961.

EPSOM

1.45—To The Point***
2.20—Palumba
2.55—Leap Lively**
3.30—Kashmir Blue
4.05—Alpine Rocket*
4.35—Star Fleet

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Too much of a good thing

"TOO MUCH too late" is a phrase that will figure prominently in the history of Mrs. Margaret Thatcher's Britain. The precipitous and quite unexpected collapse of sterling which occurred last week has removed, at a stroke, the most consistent cause of criticism of Mrs Thatcher's economic policy. An exchange rate of less than $2 would have been an undreamt of blessing for industry a year ago, when Sir Michael Edwardes was urging the Government to "leave the bloody stuff in the ground" in order to prevent sterling soaring above $2.40.

New problems

Of course, industrialists can point to the continuing strength of sterling against the Continental currencies as an important obstacle to exports. But few can seriously entertain the notion that, with a little technical finesse, the experts at the Bank of England should simultaneously engineer a sterling appreciation against the dollar, to contain inflation, and a depreciation against the D-Mark to boost competitiveness in Europe.

Leaving such fantasies aside—or at least leaving them to the forces which govern the German and U.S. economies—it is now clear that what might have been a boon a year ago presents economic policy makers, investors and industrialists with a whole range of new problems and important tasks.

The main headache in the short-term is the possibility, indeed the probability, that the slide in sterling will, in some sense, go too far. What too far means in this context is very much a moot point. There is no way of guessing at the stable equilibrium level of an exchange rate in today's highly volatile world economy, with interest rates, oil prices, political conjunctures and government policies varying frequently and unpredictably.

Market forces

Even if there were a sensible way for a government to form a view of the correct level of its currency, there is no evidence that it would be able to maintain this level, either through intervention or through interest rate policy. Nevertheless, as the Governor of the Bank of England said a few weeks ago, with reference to the Reagan Administration's stated attitude of complete *laisser faire* towards the dollar, "in a strong wind a hand on the tiller can be helpful."

Thus, the Government responded to the sterling collapse initially with complete *sang froid*. The Financial Secretary, Mr Nigel Lawson, confirmed in Parliament that the Government's policy was to leave the exchange rate to be determined "primarily by market forces." And while the Bank of England was clearly visible in the market, it never intervened with sufficient gusto to give the impression that it was defending a particular rate.

Neither the Bank's restraint nor the Prime Minister's emphasis on the competitive advantages of devaluation in her Parliamentary answers can disguise the concern that is bound to be felt about a collapse whose speed far outdid all the recent gyrations of the dollar and Deutsche Mark, and even of the French franc after President Mitterand's election.

When foreign exchange markets get the bit between their teeth these days, they do show a tendency to overshoot. Over the past two years, the successive bouts of speculation in dollars, Deutsche Marks, sterling, gold and silver, have had a frenzied feel. The tendency of world markets to concentrate all their attention on one particular currency or asset at a time has often led to exaggerated movements which have subsequently been reversed.

Reserves

The longer-term danger of allowing such exaggerated movements to take their course is that the temporary exchange rates which they produce will make industrialists, investors and wage bargainers take decisions that will later be difficult to reverse. If in retrospect it turns out that sterling was fundamentally over-valued during much of the past two years, some of the decisions to close factories or abandon export markets that were taken during this period will have been mistaken. But it is too late now to do anything about that. If, on the other hand, sterling suffers an extended period of exaggerated weakness, there is a danger that unpleasant streamlining decisions will be put off. Even more serious is the danger that wage bargainers will attempt to recoup losses in purchasing power, stoking up inflation and leading to a new crisis of uncompetitiveness when sterling rises again.

Unfortunately there are no golden rules for Ministers, industrialists or investors to follow in trying to decide how much of the movement in the exchange rate is a reflection of underlying economic forces and how much is due to what was called, in sterling's heyday last year, the "speculative froth." But it is worth remembering that with reserves of $26bn in the Bank of England and a Minimum Lending Rate that could be raised substantially even for purely domestic monetary reasons, the pressure on sterling will not necessarily remain all one way.

POLITICS TODAY

Unemployment colours all

By Malcolm Rutherford, Political Editor

AS MACBETH remarked when pondering on the consequences of his—or rather his wife's—ambition: "I am in blood Stepp'd in so far, that, should I wade no more, Returning were as tedious as go o'er."

It is much the same with the Conservatives. Substitute "unemployment" for "blood" and the point becomes clear. At mid-term, and with no real sign of an economic recovery in sight, Ministers are beginning to face the fact that they might have to go into a general election in two years' time with around 3m out of work.

Unemployment colours everything this week. It was not just the climax of the jobless march last weekend. There are those who think that Mr. Tony Benn, despite Mr. Michael Foot's attack on him, could still win the leadership of the Labour Party and then sweep the country on a promise of putting the people back to work.

Fears of Bennery, too, are said to have had an effect on the exchange rate: down 20 per cent against the dollar since November last year and down sharply this week, almost like an old-fashioned sterling crisis.

The Benn factor may be exaggerated. Yet if the view is right that unemployment will sway the next election, we may well be in for continued pressure on the pound. It was a Swiss economist, called in last year to advise Mrs Thatcher and the Bank of England on the management of monetary policy, who warned privately that the pound could never really be considered sound in the long run because of political instability in the background. He meant Mr. Benn.

At the time, it seemed a joke. He might equally have meant Mr Foot. The economic policies of Mr Benn and Mr Foot—and even of Mr Peter Shore, the Labour Shadow Chancellor—do not seem to be notably different. Unemployment is a theme for them all to play on.

The pressures within the Conservative Party for a change in economic policy are not yet all that great, partly because those who follow these things had been waiting until recently for an upturn. Now they are just waiting. It is also because the division of the Cabinet into "wets" and "drys" has never been quite accurate. Some of the wets are distinctly dry at the edges.

Mr William Whitelaw, the Deputy Prime Minister, for example, remembers what happened to the Heath Government—and to the economy—after it changed course in mid-term.

Mr James Prior, the Employment Secretary, may have his own views on the trade unions and much disliked the last Budget, but he has never been an advocate of lavish public expenditure. His present relations with the Prime Minister are rather good, even to the point of his being ready to accept further reform of legislation affecting the unions.

Again, no one in the party has ever put up an alternative economic policy. Mr Peter Walker, the Minister of Agriculture, says that the Government should stop wringing its hands whenever it gives another subsidy to the nationalised industries and make a virtue out of it by arguing that it is being done to preserve jobs and promote investment. But that would be a change in presentation, not a change in policy.

For the rest, for everyone who argues that public expenditure ought to be increased on this or that, there is someone else to claim that it ought to be reduced. On public expenditure, the Conservative Party—and the Government—is at sixes and sevens. But it would be a mistake to assume that the original impetus to cut has petered out. My own estimate is that it is still the strongest force.

Yet if the pressures for a change in policy are still relatively low key, it could be different in the autumn. That is why, while still hoping for an upturn in the next few months, Ministers are beginning to brace themselves for the possibility that the economy may continue to bump along the bottom.

Already the figures look awful: unemployment approaching twice the level of when the Tories took office and still no rise in the number of vacancies; output down more sharply than at any time since the 1930s, and the underlying rate of inflation still running at around 11 per cent. And now the possible troubles with the pound.

There are other horrors to come. It has not yet been publicly admitted that the chances of the Government carrying out its promise of reducing the standard rate of income tax to 25 per cent by the time of the general election are now regarded as remote in the extreme. But the admission will have to be made. Certainly that is the view of Treasury Ministers.

Indeed the scope for any further tax cuts is distinctly limited. The oil revenues are already being spent and are anyway not as high as was once expected. The Treasury is still worried about the level of public expenditure this year. Defence spending may be brought into line by Mr John Nott, the new Defence Secretary, though it is not yet certain. The spending habits of the local authorities continue to cause anxiety.

Those are bleak prospects to put before a party conference. They are even worse for a party beginning to think about its position in a general election.

Yet the spectre of continuing high unemployment has begun to concentrate the mind. It has also bred a certain realism. Ministers are not saying that everything must be done to halve the unemployment figures by 1983-84. For one thing, they know that no one would believe them, even if they knew how to do it. For another, they acknowledge that the number out of work—at least in some sectors and some regions—is unlikely to go down even after recovery because of the gains that have been made in productivity.

Instead some of them are attempting to stand back and look objectively at the Government's record to date. It is clear that its one major area of achievement in economic policy has been the reduction of inflation. True, 11 per cent or so is still high and there have been some signs that the tendency is again upwards. But it is better than expected and better than forecast a year ago.

> ❛ The strategy of the Government for the rest of its term will be to bring down inflation to a level which most people, including some economists, had come to regard as unthinkable.❜

The problem now is whether those gains can be held or even improved on. The Government is facing a decision whether to risk throwing away what has been achieved on inflation in the hope of picking up some short-term gains on employment. My own guess is that the judgment will inevitably go in favour of a further assault on inflation. An underlying rate of 5-6 per cent will become the target for the next general election.

There will be pitfalls along the way. Do not believe the reports that the Government is not alarmed by the fall of the pound against the dollar. It must be absolutely terrified. A continuing rapid depreciation of sterling would undermine the whole counter-inflation strategy because of the effect on import prices, especially raw materials.

Yet there are also pluses. The potential gains in productivity are confirmed by—in that dreadful British phrase—both sides of industry. They await only the recovery to be realised.

According to some Ministers, companies are no longer complaining to them about the Government's economic policy, but are asking what the Government intends to do when the recovery comes without any lessening of unemployment. The companies have put their own house in order, and had room to do so.

There is also the level of wage settlements — relatively low this year, and perhaps even lower next. We should expect another attempt at wage moderation by government exhortation. Much of it will be aimed at employers, urging them not to abandon the productivity gains by giving way to excessive wage demands at the first sign of a silver lining.

It is argued—convincingly, I think—that such has been the depth of the present recession that there will be a timelag effect. It will be some while before unions produce large pay claims and expect to have them granted. The quiescence of the unions, except perhaps in the white collar public sector, has been one of the most remarkable features of the past two years.

So the strategy of the Government for the rest of its term will be to bring down inflation to a level which most people, including most economists, had come to regard as unthinkable. It could then say that it has created the conditions for stable economic growth against the odds. Of course, it would be a year or two behind schedule, but it would still be a substantial achievement. It is the best that the Government has left to go for.

There will be other things as well. The efforts at industrial retraining and the Youth Opportunities Programme could be better presented. In accepting the inevitability of a high level of unemployment for the time being, the Government should not sound callous. It could emphasise instead what it is trying to do in the longer run.

It would be surprising if there were not an attempt to do something about the nationalised industries. At present Ministers are exasperated by the powers of the industries' chairmen who appear to brook no writ from Government and gang up among themselves whenever their liberties are challenged. They, rather than the trade union leaders, have become the barons of the Thatcher period.

It was impossible this week to find any Minister who could give a satisfactory explanation of why British Telecom had been granted greater borrowing powers and a relaxation in its return on assets. One point, however, was plain: it was not meant to be a signal that the nationalised industries can have almost whatever they want. What the Government will do on this score remains unclear, but curbing the power of these industries has become a major matter for attention.

There could also be a reshuffle. Indeed at mid-term there is a general feeling that the time for this has come. Mr Prior has done his stint at Employment. He could go to Northern Ireland, taking with him Mr. Barney Hayhoe, the Minister for the Civil Service, who has the merit of knowing a great deal about the Irish question and worked with Mr Prior before.

Perhaps there ought to be departmental reorganisations. There have been almost none so far, except belatedly at the Ministry of Defence. An idea is around that the Department of Employment ought to be abolished and merged with the Department of Industry. It should be discussed. It is entirely compatible with prevailing Tory philosophy.

The central point remains that the Conservatives must now be looking to the future. It is bleak in many ways.

True the disarray in the Labour Party helps them. So, too, does Mrs Shirley Williams's decision not to stand in the by-election in Warrington. But the Tories still do not have all that many assets. Their best chance is to continue to fight—and to win—the battle against inflation. It seems to me to be the only way to go.

The Government promised to change expectations and attitudes. It should not give up in mid-term.

The reality of unemployment reaches Westminster: the last stage of the People's March for Jobs.

Letters to the Editor

Banking

From Dr F. Heller

Sir,—John Makinson's excellent article (May 30) provides detailed confirmation of a widely held view that the British banking system is now adding private customer exploitation to its previous reputation for unhelpful and unimaginative policies *vis-à-vis* the needs of modern business. I remember that even in 1948, when I studied economics, we were given evidence that German banks provided businesses with long-term support which was sadly lacking here. Many observers later thought that this was an ingredient in the German "miracle." Is our own inverse miracle partly due to our banks' desire to make profits without taking undue risks?

Maybe four main banks are not enough to provide genuine competition. Barclays' move to charge 50p a cheque to non-Barclay customers may at first sight appear competitive. In practice it merely increases inconvenience to customers. This must be seen against your article's statement that British banks are "by common consent the most profitable in the world." And Barclays is doing even better than the rest. Since 60 per cent of voting adults hold bank accounts, one hopes that the message will get through to our political parties, who will have more incentive to compete for sensible policies than the banks.

The need to combine profits with practices that meet the wider needs of the British public should be of particular interest to a new political party in search of a radical centre.

(Dr) Frank A. Heller.
84 Wood Vale, N10.

Burton

From Councillor P. Knowles

Sir,—I refer to comments made on June 1, with regard to Bass to end Burton Union brew.

The statement made by Gareth Griffiths is not correct as Marston, Thompson and Evershed of Burton-on-Trent still produces beer by the Burton Union system. Therefore its Union system will now remain as the only one in the country.

P. F. Knowles.
6, Grange Close,
Tamworth, Staffs.

Land

From Mr S. Ashmore

Sir,—As a mobile caravanner, I enjoyed John Cherrington's farming article (May 29) and his picturesque writing about pigs in a plum orchard—which makes a delightful change from having them in the parlour!

But as a chartered engineer would I ever keep an inefficient factory going instead of an efficient factory on the grounds that efficiency might result in over-production of product?

Marginal land is just another term for inefficient land—good land is so named because it produces efficiently. You are only making work for work's sake if you keep on farming marginal land in an over-production situation.

Turn the marginal land over to landscaped caravan sites with recreational facilities and make money, farmers.

Switzer Ashmore.
Mount Vernon,
Beech Hill Park Avenue,
Knockbreda, Co. Down.

Pensions

From the Director of Information, Company Pensions Information Centre

Sir,—Mr Nutting (May 29) invites me to say who benefits when the employer's contribution to a pension fund is forfeit. Without knowing more about his scheme, the benefits it provided and the way that these benefits were paid for, neither I nor anyone else can give a definitive answer, but I would like to make two comments on the principles involved which may be of more general interest.

An Act passed in 1973 requires that anyone leaving a pension scheme before retirement must be offered a deferred pension if he is then aged at least 26 and has completed at least five years' pensionable service. This law was not retrospective and does not benefit people like Mr Nutting who left 25 years ago, but it should be of some assistance to people leaving a scheme from April 1975 onwards when the first stage of this law became effective.

With many types of pension scheme it is not possible to identify the employer's cost for any individual member. As Mr Nutting says it is quite common for the employer to contribute two-thirds of the total cost and the employee one-third. The cost of buying £1 of pension, however, rises with age. This means that in a typical scheme providing a fraction of final pay for each year of membership, a young employee in the early years of his membership will find that his own contributions alone buy all the pension he is building up and the employer has not yet had to spend any money on him. At the other end of the age range in the years immediately before retirement the employee's own contribution has little time to earn interest. Hence it buys relatively little pension and so the employer's share of the cost at that stage may be many times greater than that of the employee. If Mr Nutting belonged to that type of scheme he may have left it before his employer had yet begun to pay for any of his pension.

M. J. Brown.
7, Old Park Lane, W1.

Politicians

From Mr A. Chancellor

Sir,—Your report (June 1) of a speech by Mr Healey to the Post Office Engineering Union in Blackpool is a good illustration of the wretched situation we have reached in this country.

According to this report Mr Healey said that if a world recovery came while the Tories were still in power "British industry will face it with clapped-out machinery etc." It is only a little over two years since he was Chancellor—has all machinery suddenly aged abnormally quickly? You then list his seven points which comprise cuts, restorations and expansion—not a mention does he give to their financing apart from the Channel Tunnel.

Do senior politicians really believe the public are quite so gullible as to accept the "anything - you-can-do- I -can-do-better" approach to our problems? Worse still, do the politicians actually believe it?

Do they not know that the Western industrialised countries have been experiencing a steadily declining birthrate and hence an ageing population? Do they not accept that this will tend to make saturation of demand for certain consumer goods a reality? Do they not know that the third world countries produce more and more of their own requirements?

Have they not noticed that we have enjoyed peace (as against war!) for a longer number of years than ever before in this century?

Do they not accept that unemployment is going to run at a level far higher than has been normal since 1945?

Revolutions whether bloody or otherwise are inevitably upsetting to the system—the present technological one will be no exception. Utopia is not around the corner.

Antony C. B. Chancellor.
Browns,
Bix,
Henley-on-Thames,
Oxon.

Nottinghamshire

From Mr O. Lever

Sir,—Nottinghamshire County Council having turned Labour, its finance committee recently warned firms proposing to set up in the county to expect a supplementary rate in the autumn and a 28 per cent increase in the 1982 rate. The reason given was that the Tories had left balances of only £5m.

At the same meeting, the county treasurer wrote of the Horizon rights issue: "As the authority is a substantial shareholder, members may feel that they have an obligation to support the company and consequently it is suggested that the County Council should take up its entitlement at a cost of £498,000". He added that the money should be found from balances and forbore to point out the significance of the issue being underwritten. Industrialists beware!

Oliver Lever.
United Oxford and Cambridge University Club.
71, Pall Mall,
SW1.

Letting

From Mr H Darling

Sir,—I would like to answer some of the points raised by Mr Burrows of Shelter (June 2).

Of course private tenants would like security of tenure and low rents. But no private landlord is going to create a new tenancy on this basis. Private landlords will only invest their money in rented housing if legislation allows them to achieve a sensible commercial deal.

A commercial deal must consist of two elements. First, the landlord must be able to obtain vacant possession at the end of an agreed term, or for periodic tenancies at the end of an agreed period of notice. Tenanted houses are worth only a fraction of vacant ones. No landlord can be expected to pay market value for a house, let it and give away security of tenure, and see the value of his investment immediately halved. Second, the rent must give a fair return. The equity market yields about 6 per cent, industrial property around 7-8 per cent. A fair commercial income return in housing must be around 9-10 per cent. For a £40,000 house this means a rent after landlord's outgoings of £3,600 to £4,000.

For most poorer families needing long-term rented housing, this sort of arrangement is unattractive. I think the private landlord has little to offer them. Their needs can best be met on a subsidised basis by local authorities, housing associations, etc.

There is, however, a role for the private landlord letting on a commercial basis, where tenants are mobile and able to pay a commercial rent. In London, for example, visitors to the capital from abroad and from elsewhere in the UK, and young people sharing flats, all fit these criteria.

H. N. Darling.
80, Waldemar Avenue, SW6.

Penalties

From Mr. A Britton.

Sir,—I read with interest the supplement on "Small Businesses" in the issue of June 3. There is, however an unfortunate error in Mr Nicholas Leslie's article on "Management buy-out." He states that the maximum fine for infringement of Section 54 of the Companies Act 1948 is "a mere £100." Under Section 80 and Schedule 2 of the Companies Act 1980 (in force since June 23, 1980) the penalties have been substantially increased. On summary conviction, a six-month prison term can be imposed together with a £1,000 fine. On conviction on indictment, there may be imposed a term of imprisonment of up to 2 years plus an unlimited fine. In addition, according to recent case law, those knowingly participating in the infringement could be liable for criminal conspiracy—the penalty for which is at the court's discretion.

Andrew Britton.
15, Bosworth Road,
New Barnet, Herts.

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Trusthouse Forte's bid has been extended but, as **Barry Riley** explains, the Savoy's defences may still be secure

Sir Hugh's army lives to fight again

AT AROUND 3.40 pm last Wednesday Shergar cruised home, a winner by 10 lengths in the Derby. A few minutes before there was another notable winner in the rather different shape of Sir Hugh Wontner, 72-year-old chairman of the Savoy Hotel group.

When the deadline for acceptances passed at 3.30 on the first closing date of Trusthouse Forte's takeover bid for the Savoy, it emerged that acceptances amounted to only 1.8 per cent of the votes. Adding in THF's 14 per cent voting stake and the 21.4 per cent owned by the Kuwait Investment Office but pledged to THF, the total votes under the control of THF amounted to only 37.2 per cent of the total.

Sir Charles Forte has decided to extend the offer for another two weeks, but yesterday he announced that he will not increase or extend it any further. At this stage few observers believe that another lap or two of the circuit will allow him to cut significantly into Sir Hugh's winning lead.

Sir Hugh pays generous tribute to the army of small shareholders who have been so important in enabling the Savoy Board to resist the advances of THF. "Traditionally the Savoy shareholders have been individuals, and they really are devoted to the Savoy," he says.

"A very high proportion of them are women, and they allow sentiment to influence them perhaps more than men would. You can say they ought to have their heads seen to, or whatever, but it is their money and they are entitled to make that decision."

Sir Hugh is a veteran of previous battles to maintain the independence of the Savoy group. The first was against Sir Charles Clore in the 1950s, a fight which led to the introduction of the Savoy's controversial capital structure.

Besides the support of small shareholders, the Board's strength lies in its control over the bulk of the high-voting "B" shares. In all, the directors and their families claim to control some 35 per cent of the total votes. This structure explains why Sir Charles can own, or claim, the support of, 59 per cent of the Savoy's capital, and yet be so far short of voting control.

Although the Clore offensive was fought off, and his share-

"Matthews thought it would be nice if he owned the joint"

holding bought back by the Savoy camp after passing through the hands of Mr Harold (now Lord) Samuel, by the 1970s a new predator had appeared on the scene.

"Lord Matthews used to come here regularly," remembers Sir Hugh. "He conceived the idea that it would be very nice if he owned the joint. They didn't make an approach to us or anything, all they did was to buy in the market. We didn't know who it was. Eventually it was disclosed to be Trafalgar House Investments."

Trafalgar held a sizeable stake for some years, but received frosty treatment from the Savoy. "They finally decided that they had to get rid of these shares and they sold the block to Maxwell Joseph. He saw us and made various suggestions, which we didn't really fancy. He was very nice about it and he didn't make any fuss at all and he then sold his shares."

The block then passed into the hands of Rothschild Investment Trust, but comparatively soon after was sold to the Kuwait Investment Office—except for about 500,000 shares. The KIO also picked up a smaller block from British and Commonwealth Shipping, and this formed the basis for the Trusthouse Forte challenge.

This block of shares has been a constant problem for the Savoy Board. "In the process of this large block being traded around," says Sir Hugh, "into the market have come people who would never think of buying Savoy shares.

"That is to say," he explains, "the Ford pension fund, the BPC pension fund and all those sorts of people who would never have thought the Savoy was a security which they would wish to hold.

"You see, it didn't need a fearful amount of intelligence to realise that somebody was going to be after the Savoy and he might make a bid. Those are the people who have sold to Forte. BPC, Ford, British Rail—he bought them right at the beginning.

"The shareholders in this company used to be small people liking to feel they had a few shares in the Savoy group. That changed quite substantially because these people came in and offered a higher and higher price, trading on the expectation that what is occurring now would one day occur.

"Their judgment has been proved right, and they can sell to Trusthouse Forte at a profit. It's very good for their pensioners and so on. But, as you can see, the remaining shareholders are all saying 'No, we are not going to do it.'

"They are not in the same position as a pension fund. They are just making their own judgment with their own money. They are not like a pension fund trustee who is a trustee for other people's money."

Ashley Ashwood.

The proof of the pudding . . . Silvano Trompetto, the Savoy chef, serves Sir Charles Forte

Sir Hugh deflects criticism of the recent financial performance of the Savoy—it reported a pre-tax loss of some £1.8m for 1980—by taking a long-term view. He is hurt by descriptions of the group as loss-making.

"We made a loss in 1914. We made a loss in 1940. You know, we have been in the game a long time. I think there are only five years since 1898 that we ever have made a loss. It has to be temporary, because you obviously can't go on making a loss."

Will the performance improve this year? "We will try to make a profit this year." Sir Hugh answers. "But as things are at the moment, we can't say that we will."

Even if the Savoy beats off the Forte challenge this time, the threat will remain in the future. The KIO and THF will both own large blocks, and Sir Charles has threatened to return with another bid after the year's interval required under the Takeover Code.

In this context, suggestions by the Savoy that it is interested in buying further hotels "to broaden the base of the company's operations" have aroused interest. Such purchases might well be paid for in shares, which if retained in friendly hands might bolster the voting strength of the board, as well as diluting that of Sir Charles.

Sir Hugh is reticent on such matters, although he remembers a previous row with Lord Matthews. "When we bought the Lancaster Hotel in Paris, we did that for shares and they thought that wicked. It watered down to some extent their holding and they made a great fuss about it, but nothing else happened."

Sir Hugh's view of the future is straightforward enough. "We have only one desire and that is to try to do the job that we were founded to do. When I first joined the company this was considered a large company. Now, of course, we're very tiny people. We have always believed in the theory—if it's a theory, I think it's a practicality—that if you are trying to do something extremely well you can only do it on a small scale."

He remembers: "At the end of the war Conrad Hilton came from America to see us before there *were* any Hilton hotels around the world and discussed with us whether the Savoy should be a world company because of its great name. He said that, if we would agree, he would buy the Savoy and use the Savoy name instead of his.

"We thought this out very carefully. It just happened at that time we had a chain of hotels in Africa offered to us; we had the Raffles Hotel in Singapore, we had a hotel in Sydney, we had one in Rio de Janeiro, we had hotels all round the world.

"And we *could* have taken the decision, like Forte did, that we would be the British international hotel chain. But the directors said: 'Steady on, how are you going to keep up the quality?'

"This company is based upon doing things very well. Could we do that all the way up from Cape Town to Nairobi? Had we got the equipment and the people who understood how to run these hotels in different climates and so forth? And

"Hilton said he would buy the Savoy, and take over its name"

ultimately we decided no, a cobbler should stick to his last."

Instead of becoming a worldwide chain, the Savoy expanded only slowly, buying the Connaught Hotel in London, the Lancaster in Paris, and more recently moving into the hotel-medical field through the purchase of the Forest Mere Hydro.

"They are small extensions which we could absorb and which were successful," explains Sir Hugh. "I don't think it would be fair if anyone were to say, 'Well, the Savoy just sits down and does nothing.' We are gradually expanding, but we hope not endangering the reputation that we have."

Although Sir Hugh retains the dignified and urbane manner that befits a former Lord Mayor of London, he has had to fend off sometimes bitter criticism during the course of the struggle with THF.

In terms of the direction of the business, much THF firepower has been aimed at the Savoy's decision to sell off part of the Savoy Hotel itself, a section fronting the Strand known as Savoy Court, for £7.25m in order to reduce the burden of interest charges.

Sir Hugh insists that the reduction in capacity will make the Savoy a more economic proposition as a luxury hotel. "When we built the Berkeley, which we say is the last really de luxe hotel in Europe probably ever to be built, we worked very carefully to see what was the right size—the balance between going over into mass production and being so small that we couldn't make any money. We arrived at 300 people."

Criticism of a rather more personal nature has been aimed at the perks enjoyed by the Savoy directors, which include the use of suites at the group's hotels—Sir Hugh has one at Claridge's.

The company has explained that it has long operated a system of resident directors and that only by sampling the services of the hotels at first hand can they be sure that appropriate standards are being maintained. The system goes right back to the company's founder, Richard D'Oyly Carte.

Sir Hugh sees the rôle of the directors rather differently. "No-one has pointed out that certain of the directors are giving up what amounts to a fortune, especially the older ones who could very well nip off and say 'I'll live in the South of France in comfort for the rest of my life.'"

All the same, Sir Hugh let slip at last Monday's annual meeting that he was thinking about making way for younger people and did not intend to remain chairman himself for "very much longer."

Weekend Brief

The politics of pedal power

"PEDAL POWER" or the art of leisurely, clean transport will take to the streets of London today in the form of a 20-mile "marathon" ride round the city by over a thousand cyclists. Unlike that other marathon—the round city trot by hundreds of joggers earlier this year—today's will be not so much a sporting event as a political occasion.

For today has been declared the International Day of the Bicycle throughout Europe and North America not just by aspiring Olympic racers but by the many housewives, students and pin-striped businessmen who work as well as play on two wheels, and want a better deal.

Londoners complain that compared to some other cities on the Continent they probably have the worst deal of all. The money and time spent by government and local authorities in recent years on this form of transport just hasn't been enough to compensate for the enormous increase in cyclists in the wake of the energy crisis.

The Conservative government two years ago agreed, under pressure from environmentalists and members of parliament, to look into the problem. The result of a great amount of bureaucratic wrangling and no small measure of plain indifference was a 13-page consultation paper written by the Department of Transport, and published last month.

The paper begins by acknowledging that there has been a "boom" in cycling and tries to explain why. "It is efficient and cheap, and can be healthy and enjoyable. It can help to save energy. Cycling is quiet and does not cause pollution. It provides personal transport for children and other people who cannot drive or do not have a car. Bicycles are relatively easy to park, and less subject to congestion than other vehicles." But for all the good theories expressed, officials at the London Cycling campaign headquarters in Blackfriars insist that some of the recommendations in the paper, such as the marking of special cycle lanes, could have been widely implemented months ago.

"What has been done, such as opening up public parks to cyclists has been largely cosmetic. The fact remains that a great number of people leave their bicycles at home because it's not safe to go to work on them," says Brian Stout, a community worker and cycling volunteer in the London Campaign. Compared to cities in Holland, West Germany and Scandinavia, what has been done pales in insignificance, he adds.

Yet according to the Government's own estimates sales of cycles in Britain rose from 580,000 in 1979 to 1.4m in 1979. Nearly 30 per cent of households in Britain now have a bicycle. The Greater London Council counted a 42 per cent increase in the number of cyclists entering London during the above period, and estimates that over 1 per cent of all commuter journeys to central London at peak hours are on bicycle.

Entrants at the line-up for last year's cycle marathon

Campaigners are pressing for 1 per cent of the GLC's transport budget to be allocated specifically for improved road conditions for cyclists. They are asking that this be spent on what they see as "minimum" requirements of safety, which have existed in a number of European cities for years: back street cycle routes, traffic lights for cyclists to cross main roads, filter lanes for cyclists at roundabouts, and parking space.

As the Government's consultation admits, any money for this kind of improvements will need to come less from central government funds than from the local authorities who are financially responsible for inner-city transport.

And that has left campaigners in a confident mood. The new Labour leadership at the GLC is committed to getting as many people out of the cars as possible to ease congestion in the capital and cut fuel costs. They expect to increase the number of bus services and to promote "pedal power." Fiery GLC boss, Ken Livingstone has appointed one of his deputies to head a new cycle department, and a task force has been set up to implement improved facilities as quickly as possible. Quite where the money is going to come from he hasn't yet said, although increased rates seem likely to carry some of the burden now that the government is putting pressure on local authorities to cut back on their spending.

All the same today's event will be something of a festive demonstration. Traffic will no doubt come grinding to a halt, car drivers will steam and huff, and taximen will shout abuse. But an instruction sheet distributed to cyclists participating in the marathon hints at the kind of mood that might prevail. "If frustrated motorists start hooting and shouting at you just SMILE at them, it will make them feel stupid and you feel better."

Experimental money for old lags

A new twist to the interminable debate about the rights of people sent to prison has been provided by four inmates of an American institution. They are suing the U.S. Government to retain the right to volunteer as "guinea pigs" for the pharmaceutical industry.

The U.S. Government, at the instigation of its powerful Food and Drug Agency, had planned to ban all experiments with prisoners from June 1 this year. According to the Washington magazine Science, this is because the (rather modest) sums paid by the drug companies to a volunteer prisoner were "believed to compromise his ability to give truly free and informed consent as a volunteer research subject."

Volunteering for experiments has a long tradition in U.S. jails, going back well before the second world war. During the war prisoners often volunteered to test treatments for infectious diseases that afflicted American soldiers. In the 1960s the former U.S. Atomic Energy Commission used prisoners to test the effects of radiation on fertility.

As recently as 1975, 16 pharmaceutical companies were still using prisoners to test new products. But public opinion was steadily growing less sympathetic. The U.S. was the only nation outside the Comecon countries still experimenting on prisoners. Today, only Upjohn, Parke-Davis and Hoffmann-La Roche are using prisoners.

This grieves the inmates of the State Prison of Southern Michigan, in Jackson, who see their willingness to be treated with new antacids, skin lotions and tests for tuberculosis as light relief from the grinding boredom of prison life. About 800 of the prison's 5,000-odd inmates avail themselves of the advantages. It earns them less crowded living conditions, in special clinics set up at the prison by the drug companies. "It's like a little vacation," one volunteer told Science's reporter in a telephone interview.

It also earns prisoners a little cash. But payment seems to be the nub of the problem. If the drug companies pay too generously, opponents of the practice claim that the prisoners are, effectively, being coerced. If they pay too meanly, opponents allege that the volunteers are being exploited.

Upjohn apparently pays volunteers the same wages as prisoners would earn in the prison laundry or licence plate workshop. But the prisoner interviewed by the magazine says he is paid more generously —$100 (nearly £50) per week.

But what of the risks? Upjohn has been using Jackson's prisoners for 20 years, but claims injuries to only nine of them. Eight recovered fully and one was compensated financially.

A U.S. physician who conducted experiments with volunteer prisoners for 29 years sensed the shift in public attitude during the 1970s. While admitting to having no qualms himself about the ethics of experimenting on prisoners, he decided to go into business himself and set up a commercial volunteer clinic.

Naturally he claims that such clinics—there are five or six in the U.S. today—provide better medical data than prison volunteer clinics. But they have to pay better, 10-15 times as much as prisoners are being paid. Compared with the cost today of bringing a new drug to the market, however, which some put as high as £25m, the cost of hiring a few volunteers is probably infinitesimal.

If the price is right, perhaps enough human volunteers could be found to assuage the worries of the more rabid opponents of experiments on animals, who are prepared to attack the laboratories, the homes, even the person of scientists who offend against their ethical code.

Contributors:
Jimmy Burns
David Fishlock

Economic Diary

TOMORROW: Conferences — National Union of Blastfurnacemen (Bournemouth), General and Municipal Workers (Brighton) and National and Local Government Association (Blackpool).

MONDAY: U.S. President Ronald Reagan meets President Jose Portillo of Mexico, Washington. U.S.-USSR consultations open in London on grains agreement. Sweden's Foreign Minister Ola Ullsten in London for talks with Lord Carrington, UK Foreign Secretary. British Rail pay tribunal. Wholesale price index (May provisional). Hire purchase and other instalment credit business (April). M Claude Cheysson, French Minister of External Relations, in Rome for discussions with Sig Emilio Colombo, Italian Foreign Minister.

TUESDAY: King Khaled of Saudi Arabia begins State visit to Britain. Building unions meet on pay. UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-May). London clearing banks' monthly statement (mid-May). UK balance of payment (first quarter). Central Government transactions (including borrowing requirement) (May). Construction output (first quarter). Egypt, Israel and U.S. hold talks on multi-national peacekeeping force in Sinai. International Tin Agreement talks open, Geneva.

WEDNESDAY: Meeting of TUC economic committee. Mr Michael Foot, Labour Party leader, speaks at GMWU conference. Sir Terence Beckett, director-general, CBI, at Press Association annual lunch, Savoy Hotel, London.

THURSDAY: Irish Republic general election. EEC Environment Ministers meet, Luxembourg. Social Democrats meet to decide Warrington by-election candidate. Mrs Shirley Williams, member of the Social Democratic Party leadership, addresses Royal Institute of British Architects conference, London. Mr. Alexander Haig, U.S. Secretary of State, begins visit to China, Philippines and New Zealand.

FRIDAY: Building Societies figures (May). Usable steel production (May). Conservative Party in Wales conference opens, Llandrindod Wells.

Allied Breweries in second-half recovery

SECOND HALF profits of Allied Breweries advanced from £54.5m to £61.9m, and brought the total for the year ended March 7 1981 to just £0.7m short of the £113.1m made in the previous 12 months. Turnover increased from £2.2bn to £2.27bn.

The directors are recommending a maintained final dividend of 3p per 25p share making a same again total for the year of 5p.

Sir Derrick Holden-Brown, deputy chairman, says: "We had a very much better second half than we had dared to hope for after the first-half figures." The wine and spirits division which had had a poor start did better and the reorganisation effort in the beer division also helped.

After the reorganisations in Holand, where several hundred jobs have been lost, the company is looking forward to a much better performance, although not forecasting total *elimination of losses this year.*

Lyons made £15m in North America. Allied is still interested in making acquisitions, he says.

Takeovers in the beer division are unlikely, but the group could be interested in small acquisitions to improve its wine and spirit coverage. Lyons food operations seem the most likely to be expanded by acquisitions, both in the UK and U.S.

Sir Derrick comments: "We are big enough to talk in millions or tens of millions."

Although £162.6m spending on fixed assets has been approved, the group is unlikely in the current year to spend more than around the £99m level of the past two years, and Sir Derrick is firm that "We have no plans at all for a rights issue."

The pre-tax profit was struck after depreciation of £46.9m (£41m), and finance charges, £56.4m (£46.8m), but included profit on the disposal of properties and investments of £17.3m (£10.4m), investment income of £1.9m (£1.7m) and profits from associates of £11.3m (£10.3m).

Tax took £31.4m (£29.7m) and minority interests £3.7m (£3.2m). After preference dividends of £0.4m (same) and extraordinary debits of £25.3m (£16.7m) the amount attributable emerged at £51.6m (£63.1m).

The extraordinary items comprise—less tax where appropriate—a provision of £9m to cover the closure of Ansells Brewery in Birmingham, £8.3m for the restructuring of two companies *in the Netherlands and* £8.1m which is the cost to date and planned future cost of redundancies in all three divisions.

Earnings per share are stated at 12.2p (13.3p) and at 8.2p (10.5p) after the extraordinary items.

Capital expenditure totalled £99.1m of which £81.3m was spent in the UK, and £17.8m in other countries.

Divisional budgets for expenditure on fixed assets authorised by the board as at March 7 1981 were: beer £109.4m; wines, spirits and soft drinks £23.8m; food £28.4m; parent company £1.0m, making £162.6m.

Total borrowings less cash balances were substantially lower than a year earlier at £373.7m (£422.6m). This was achieved by a combination of *good control of stocks and debtors* and disposals in excess of £50m.

Turnover and pre-tax profit by division were as follows: beer: UK £681.4m (£574.5m) and £60.8m (£57m), Skol NV £108.8m (£134.7m) and £5.4m loss (£2.2m loss) making £790.2m (£709.2m) and £55.4m (£54.8m) for the division; wines and spirits and soft drinks £789.3m (£747.1m) and £50.7m (£51m); foods £768.8m (£813.8m) and £29.3m (£22.8m); interdivisional sales accounted for £80.6m (£70.2m) and nil (same); unallocated interest and central charges took £23m (£15.5m).

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Dobson Park down £2.6m but maintains interim

A DOWNTURN in mining machinery and the power tools side, has left the taxable surplus of Dobson Park Industries down from £7.78m to £5.1m for the half year ended March 28, 1981. Sales also fell, from £88.69m to £83.3m.

Mr. J. J. Francis, chairman, says that when trading conditions improve, the group's financial and operational strengths "will ensure renewed profit expansion."

With confidence in this long term outlook, directors have declared a maintained interim dividend of 1.9p net per 10p share—last year's final was 3.31p paid from pre-tax profits of £15.33m.

Orders from the National Coal Board for mining equipment were at a significantly lower level than last year but overseas, the potential is increasingly evident and intensive marketing effort against "extremely keen competition" has brought success in Industries Incorporated, the American coal mining equipment manufacturer, acquired on January 23, contributed profit at a satisfactory level, although its current performance is seriously affected by the U.S. miners' strike.

Mr. Francis says the initial stages of the reorganisation of the power tools division have been completed. In a climate of reduced demand, margins on Kango products hardened severely, however, and a loss was incurred on the Wolf range of electric tools.

Much is being done to improve the immediate position, he states, and directors remain confident that there will be substantial benefits from the combination of the two ranges.

A divisional analysis of turnover and trading profit, £5.01m (£7.63m), shows: mining machinery £44.64m (£59.13m) and £3.45m (£4.65m); power tools £12.32m (£8.03m) and £416,000 (£1.61m); engineering £16.18m (£17.71m) and £384,000 (£201,000); property £1.2m (£1.02m) and £879,000 (£809,000); overseas companies £15.31m (£5.79m) and £113,000 loss (£361,000 profit). Inter-divisional sales were £6.35m (£2.99m).

Pre-tax figures for the six months included associates share of £147,000 against £68,000, and was struck after interest and other charges totalling £59,000 (£86,000 credit).

After tax of £1.83m (£2.8m), minority interests' loss £49,000 (£16,000 profit) and dividends, £1.57m (£1.27m), the balance retained came through at £1.75m compared with £3.69m.

Earnings per share are shown as 4.2p against 7.4p a year earlier.

Cash outflow was minimal and resulted in net borrowings, including loan capital, increasing slightly from £3.96m to £4.11m during the period.

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Philips to sell 60% stake in Cambridge

FULL DETAILS emerged yesterday of the disposal by Philips, the Dutch electricals giant, of 60 per cent of Cambridge Electronic Industries (CEI) by way of an offer for sale to the public raising £16.2m.

CEI, which has three main product areas — electronic and electrical components, defence systems and specialist engineering — is being floated off at a price of 75p a share putting an overall valuation of £27m on the company.

A total of 21.6m shares are on offer leaving Philips with a 40 per cent stake. The Dutch group says in the prospectus that it "intends to retain a substantial shareholding in CEI for the time being."

Mr C. Busch, director of finance and administration at Philips, made it clear yesterday however, that the percentage holding in CEI may drop below 40 per cent. Philips will have two representatives on the CEI board.

CEI consists of about 20 subsidiaries employing about 4,700 people. Most of the operating companies were part of the original Pye group. Following Philips' acquisition in 1979 of the 39 per cent of Pye it did not already control it was decided by Philips that some of the smaller parts of Pye should at some stage be returned to the market.

CEI is being offered to the public at a time when its profits are coming under pressure and the directors are forecasting a significant drop in profits. In 1980, the company made a profit of £6.2m after £1m of exceptional debit items. For 1981 the directors can do no better than say that profits "will not be less than £5m."

On that basis the fully taxed prospective p/e at the issue price comes out at 12.3. The directors expect to pay dividends totalling 3.7p for the year indicating a yield of 7 per cent covered 1.6 times on fully taxed earnings of 6.1p. The board anticipates that the actual tax charge will be more like 25 per cent.

The company's recent profit record has shown steady growth apart from 1979 when there was a £1m pre-tax downturn to £4.5m. This was a result of a £1.2m loss by the defence operations following fixed priced contracts.

The breakdown of the three *main divisions shows that trading* profits from electronic components rose from £2.6m in 1976 to £5.4m in 1980. Over the same period specialist engineering has doubled to £1.4m while defence has (1979 aside) barely changed with £1.1m in 1976 and £1.1m in 1980.

The reason for the predicted downturn this year is the fall in orders in the last quarter of 1980. Though there has been some recovery since then turnover this year overall is expected to be marginally below the £82.9m of last year.

The main impact of the downturn has been felt on electronic components with specialist engineering being hit to a lesser extent. But the downturns there are expected to be substantially offset by higher defence sales.

The full prospectus will be published on Tuesday morning and the application list opens on Friday.

BIDS AND DEALS

Simon Engineering's U.S. expansion move could cost $5m

Simon Engineering, the Stockport-based engineering group, has bought Koger and Boxhill, a process plant manufacturer located in Louisana, U.S., for an initial consideration of $2.93m (£1.5m).

The final price could be as high as $5m, depending on future profits, but any additional amount will not be paid over until June 1984.

The purchase price is to be satisfied by the issue of 366,725 new Simon shares at 415p, which have already been placed with investment clients of the company's brokers. The new shares will not rank for the 1980 net final dividend of 8p which is payable on July 1. Simon shares closed at 427p, up 3p, yesterday.

Additional funds which may be required to meet an increase in the eventual consideration will come from internal cash resources, the company said.

Koger will operate under the management of Sim-Chem, Simon's UK subsidiary, although existing U.S. management will be retained.

While fitting into existing areas of operation through its chemical and oil process machinery manufacture, Koger will also be used as a springboard for expansion in other regions, notably the South American market, the company said.

ROHAN GROUP

Rohan Group has been notified by Temple Bar Investment Trust (an investment trust within the Electra House Group) that it has increased its stake in Rohan by 130,000 shares which raises its total interest to 500,090 ordinary shares—6.75 per cent.

Moran Group to seek relisting of shares

SHAREHOLDERS in Christopher Moran Group learnt yesterday that the company would seek a relisting of its shares on the Stock Exchange this autumn.

The restoration of the listing, suspended on November 6 last year, would be conditional on the publication of the group's accounts for the year to January 31, 1981, due in about three months as well as "the extent to which the uncertainties relating to the broking business of the group can be resolved."

Mr Moran was suspended from executive duties from August 1 to October 31 1980 and shareholders are told that during this period no new or renewal business was transacted. It became apparent the broking business was "almost totally dependent on Mr. Moran."

The group's cash balances fell from £8.9m at the time of Mr. Moran's suspension to £2.7m at November 3, 1980. In November, the committee of Lloyd's forbad the group to place new business or renewals at Lloyd's until it *was satisfied as to the group's* directors, staff and operations.

The current board, chaired by Mr D. J. P. Bryans with co-directors Mr Christopher Moran and Mr R. Reeves, intends to "follow a policy of preserving and rationalising the assets of the group while building up where possible its broking outside Lloyd's."

"Measures" it states, "are being taken to bring overheads into line with the obligation to service existing business.

"Further decisions regarding rationalisation of the assets of the group and deployment of the proceeds of sale cannot be taken until claims have been resolved, liabilities ascertained and accounts for the year to January 31, 1981 are available."

The directors expect the figures to be subject to "a number of provisions regarding quantifiable and unquantifiable contingent liabilities, legal disputes and potential bad debts."

The trading results so far available for the past two years include provisions totalling £565,000, part of which is in respect oto brokerage accounted for in previous accounts and now under dispute and part of which may be payable on unpaid disputed corporation tax.

Shareholders are also provided with details of litigation against the group.

On October 18 1979 the committee of Lloyd's intimated its intention to commence actions under its bye-laws against Christopher Moran and Company, Harman, Hedley Agencies. Christopher Moran and Company has commenced proceedings in the commercial court for damages against certain underwriting agencies at Lloyd's and Lloyd's syndicates. Cross claims for damages in the action and in another allied action, have been made.

Christopher Moran and Company is the defendant in two actions commenced in the commercial court by members of *certain Lloyd's syndicates who* claim damages. One action is staged by consent.

A former employee of Christopher Moran and Company and a former employee of CMG have each commenced proceedings against their former employers in the High Court for damages and in the Industrial Tribunal for compensation for unfair dismissal. Cross claims for damages have been made and both Industrial Tribunal cases are stayed.

The liquidators of Vica have commenced proceedings against CMG and Halycon Investments for the repayment of monies paid prior to the liquidation.

Christopher Moran and Company is a defendant to an action for damages commenced in the commercial court by an insurance company. Cross claims for indemnities have been made by Christopher Moran and Company against the reinsurers.

Bath and Portland ends lower at £1.48m

TAXABLE PROFIT of the Bath and Portland Group for the year ending October 31 1980 was down at £1.48m compared to last year's £2.76m. But turnover was up from £73.99m to £92.79m.

Sir Kenneth Selby, chairman, *said that the delay in announce*ment of the results had been caused by difficulties in the assessment of claims likely to be agreed by the Exports Credit Guarantee Department in respect of the company's Iran road contract.

The interim statement for the company has been amended and now shows a pre-tax profit of £688,000, instead of a loss of £848,000 as originally calculated. There was a profit of £623,000 the year before.

Tax took £453,675 (£1.27m) and there was a surplus on debenture redemption of £19,000 *(£18,402) leaving a net profit of* £1.05m. Last year debit of the extraordinary item relating to the Iran contract left a loss of £317,291.

A final dividend of 1p (2.014p) has been proposed, making a total of 2p (3.614p). Earnings per 25p share are stated at 9.1p (17.8p) before tax and 6.3p (9.5p) after tax but before the extraordinary item. Assets per share are calculated at 107.4p (106.9p).

Divisional profits were as follows: minerals, £2.23m (£2.31m); building and civil engineering, £350,000 (£49,000); agricultural £431,000 loss (£221,000); engineering £435,000 (£767,000), chemicals £26,000 loss (£26,000). Interest took £1.07m (£612,000) of these profits.

● comment

At the interim stage, Bath and Portland plunged into loss because of £2.1m in interest charges, mainly on the £13.5m loan on the unfortunate Iran contract. At the time, the company reported that it had just received £8.3m from the Export Credits Guarantee Department on the loan and that the ongoing liability for interest on it had thus been reduced. However, it is not clear how the interim result can now be restated as a £0.6m profit or how interest charges for the year end up at only £1m. Meanwhile, the trading position in the company's other operations has deteriorated as expected, with the animal feed business tumbling into loss. The shares fell 2p yesterday to 52p where the yield on the nearly halved dividend is 5.6 per cent.

S. Pearson sees pick up at Fairey

LORD GIBSON, chairman of S. Pearson, the diversified group with interests in publishing, banking, manufacturing and entertainments, told shareholders at the annual general meeting yesterday that he did not expect the recently acquired Fairey group would repeat last year's £2.8m loss in the current year.

"Things are already moving in the right direction," he added.

Questioned on the possible effects of the declining value of sterling on the company as a whole, Lord Gibson said that a weaker pound would tend to be to the group's advantage, though a stable situation was to be preferred.

Keystone Inv. declines to £0.4m midyear

Taxable profits of Keystone Investment Company declined in the six months to April 30 1981 from £507,223 to £407,141. Gross income was also down, falling by £102,358 to £481,973.

Although the interim dividend is being stepped up from 3.25p to 4p net the directors say this is to reduce the disparity between the interim and final payments. *They expect to main*tain the total at last year's 10.5p paid from pre-tax profits of £1.1m.

Tax for the half year took £122,394 (£176,291) and the attributable balance emerged at £287,747 (£330,932).

Net asset value per 50p share is given as 282p (212p).

Burmah Oil pessimistic on refining

Burmah Oil sees no long-term prospect of an improvement in the highly unstable condition of the British petroleum refining industry, Sir Alastair Down, the chairman, told the annual meeting in Glasgow yesterday.

Because of this, he said, operations at the Ellesmere Port refinery would be phased out unless a commercially viable alternative could be found. The closure would mean the loss of 1,100 jobs.

Sir Alastair was questioned by shareholder pressure groups on the company's current court case against the Bank of England. The case refers to the 1975 sale of Burmah's 20 per cent holding in British Petroleum to the Bank.

The sale took place as part of a "rescue operation" for Burmah, at a price of 230p per share. The holding, then valued at £179m, is now valued at something in excess of £1.2bn, and Burmah has instituted action to repurchase the shares, which it claims were sold under pressure.

Because the court case was now in progress, Sir Alistair said, the company's legal advisers had said that any comments could be prejudicial to the company's interests.

Barker & Dobson back in profit

FOLLOWING A virtually unchanged loss at midway, of £158,000 against £178,000, Barker and Dobson Group, confectionery manufacturer came back to profit in the second six months and ended the March 28 1981 year with a taxable surplus of £469,000, compared with a £497,000 loss.

Again there is no dividend, the last payment being an effective 0.56p final for 1979.

Sales for the year amounted to £35.06m (£31.22m), and were split as to: confectionery £18.2m (£17.55m) and retail £17.26m (£14.03m) — *inter-company sales took £407,000* (£362,000).

Trading profit was well up at £1.39m against £249,000—split as to: confectionery £792,000 (£40,000 loss) and retail £602,000 (£289,000)—and the pre-tax figure was struck after expenses and interest, £880,000 (£775,000), included associates losses of £10,000 (£62,000 profit) and was after an exchange loss of £35,000 (£33,000).

In February, at the time of the rights issue, the directors said that after taking into account exchange loss, tax, extraordinary items and results of businesses discontinued, the group would be profitable for the full year.

In the event, after nil tax (£18,000), extraordinary debits of £73,000 — redundancies — (£32,000 credits), and discontinued businesses' surplus of £10,000 (£34,000 loss), there was a profit of £406,000 against a £517,000 deficit.

Included in the year's trading surplus was a £297,000 (£436,000) profit on the sale of assets.

Earnings per 20p share are given as 1.74p, compared with a 1.92p loss.

● comment

There can be no doubt but that Barker and Dobson has made solid progress with its burst into the black. Stripping out asset sales, the group's upturn runs to over £1m. In the confectionery business, a concentration on higher margin products and assiduous streamlining has paid off. Likewise, the retail side has benefited from the disposal of uneconomic shops and from a better sales mix. But B and D is not yet out of the woods. Its balance sheet, once seriously ill, is looking healthier with a 55 per cent gearing ratio, but there is room for improvement. Margins, meanwhile, will be under pressure in the first half of the current year. Shareholders should not expect a dividend in the near-term. Shares yesterday closed at 8p.

Decline for Bishop's Stores

A SWING from profit to loss in its major wholesale subsidiary left pre-tax profits of Bishop's Stores down at £931,000 in the year to February 28 1981, compared with £1.2m.

The surplus includes an exceptional credit of £356,000, against *a debit last year of £194,000,* representing the profit on property disposals less interest on property development and reorganisation costs.

Turnover of the group, a food wholesaler and retailer, improved from £143.83m to £157.33m, but the directors say that sales of companies acquired conceal a volume decline in the wholesale subsidiary. This company's depots have been cut from five to four.

Earnings per 25p share are shown as 16.13p (21.55p) after tax of £89,000 (£83,000) and the dividend is held at 4p net with a final of 2p. This absorbs £208,000 (£206,000), leaving £634,000 (£913,000) to be retained.

On a current cost basis, there was a loss before tax of £404,000.

FOSECO MINSEP

Foseco Minsep sales for the three months ended March 31, 1981, were ahead of the corresponding quarter of 1980.

SPAIN

June 6	Price %	+ or −
Banco Bilbao	312	
Banco Central	374	+4
Banco Exterior	302	+3
Banco Hispano	295	+3
Banco Ind. Cat.	123	
Banco Santander	345	−3
Banco Urquijo	195	+3
Banco Vizcaya	328	
Banco Zaragoza	237	
Dragados	192	+3
Espanola Zinc	84	+2
Fecsa	69.7	+0.2
Gal. Preciados	48	+2
Hidrola	77	+0.5
Iberduero	63.2	+0.7
Petroleos	119	−1.5
Petroliber	96	+1
Sogefisa	67	−2
Telefonica	69.2	+0.2
Union Elect	71	

Howard & Wyndham £1m loss

DRASTIC steps aimed at rationalisation and a reduction of borrowings have left Howard and Wyndham, publisher and retail jeweller, with a pre-tax loss of £1.09m for the 18 month period to the end of 1980, compared with a deficit for the preceding 12 months of £504,770.

The directors are omitting the dividend for the period—a single payment of 0.335p net was made for the 1978/79 year. And there will be no distribution for the holders of preferred and special preferred shares for the six months to June 30.

Rationalisation of the publishing side, which included the disposal of the Made Simple list and Brown and Watson and the closure of Murrays Remainder Books, has largely been completed. The directors believe the remaining publishing operation, W. H. Allen, is now in a position to benefit from the general improvement in the UK market, which they hope to see in the current year.

The retail jewellery side, Ciro, continues to trade very satisfactorily and 11 new outlets were opened in the period.

Sales in the 18 months amounted to £17.53m (£15.23m for 12 months). At the trading level there was a loss of £85,964 (£46,201 profit) after exchange differences, and the pre-tax deficit also included interest charges of £767,802 (£550,971) and exceptional debits of £237,300 (nil).

Tax took £181,127 (£121,240). After extraordinary debits of £442,457 (£178,821), which include full provision for the costs of terminating loss-making activities, and dividends for the previous period of £36,892, the net loss emerges at £1.71m against £841,723.

The loss per 20p share is shown as 20.3p (9p).

Shareholders' funds fell from £3.35m to £1.75m. Loans repayable were down from £2.22m to £1.75m, bank balances amounted to £281,555 (£477,892) and overdrafts £360,868 (£645,767).

N. Brown profits rise by 40%

RECORD SALES and profits were achieved by the Manchester direct mail order group N. Brown Investments in the year to February 28. Turnover, including VAT, was 24 per cent up from £23.03m to £28.55m and profit before tax was 40 per cent higher at £2.13m against £1.52m.

After deducting tax of £466,000 against £311,000 and losses of £87,000 compared with £62,000 under the heading of extraordinary items, the net profit was 38 per cent up at £1.58m against £1.14m.

Retained profits of £1.01m was 40 per cent higher than the £722,000 retained last year, and earnings per 20p ordinary share rose by 38 per cent from 9.59p to 13.26p.

The final dividend is stepped up from 2.5p per share to 3.5p, making a total of 4.5p (3.325p).

On a current cost basis the pre-tax profit is shown as £1.76m against £1.38m, and earnings per share at 10.31p against 8.5p.

Mr D. Alliance, chairman, reports that the profit growth in the second half-year was very much in line with that achieved in the first half. He says there was, within the group's existing facilities, considerable capacity for further growth.

This capacity, together with the opportunity to circulate its catalogues, is being offered to other complementary businesses with growth prospects, a service which could be of considerable benefit to other users and make a new area of growth available to the group itself.

He warns that it might be unrealistic to expect a continuation of the sort of growth rate achieved in the last year or so, and avoids making any forecast of the current year's results. Mr Alliance, however, stresses that he is as confident as ever for the longer term prospects of the group.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Breweries	3	Aug. 3	3	5	5
Anglo-Transvaal§	225	Aug. 1	180	300	230
Bath and Portland	1	July 22	2.01	2	3.61
Bishop's Stores	2	July 9	2	4	4
N Brown	3.5	Aug. 7	2.5	4.5	3.325
Castings	2	Aug. 17	2	2.42	2.6
Dobson Park	1.9	Aug. 19	1.9	—	5.21
Grant Bros.	Nil	—	2.36	Nil	3.88
Howard & Wyndham	Nil‡	—	0.34	Nil‡	0.34
Middle Witwatersrand§	50	Aug. 1	45	85	65
Prince of Wales Hotels	1	—	0.97	1.75	1.72
Victoria Carpet	0.5	Sept. 22	0.5	0.5	1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 months. § South African cents throughout.

Prince of Wales Hotel

Profits before tax Prince of Wales Hotels were more than halved during 1980, finishing the year at £209,434 against £470,701, on turnover up from £5.4m at £6.77m.

At midway there was a loss of £49,280 (£127,426 profit).

After tax credits of £3,874 (£24,966) the net surplus was £213,308 (£495,687) and earnings per 25p share are shown as 5.27p (12.34p).

A final dividend of 1p net makes a total of 1.75p (1.7175p).

Results due next week

THE exact size of the first-half loss to be announced by ICL on Monday is being kept under wraps over the weekend, but the new management said yesterday that it would be significant.

An ominous statement was that there is no material sign of improvement in the sombre economic climate, which is held responsible for the decline in ICL's fortunes. Cost reductions are being sought, principally by making 5,200 of the 32,000 workforce redundant.

In these circumstances, stockbrokers are naturally chary of making precise estimates; it would scarcely shock the market —given yesterday's announcement—if the pre-tax loss were to approach £50m.

The £7.6m loss in Pilkington's UK operations in the first half is probably at least repeated in the second half as trading conditions have remained difficult and further reorganisation was undertaken, notably at Triplex and the fluorescent tubes plant at Smethwick.

Foreign trading profits will have been boosted by the inclusion of Flachglas results—and the consequent consolidation of Brazil—for the full six months, and licensing income is expected to have held up well at about £36m.

Group profits for the year, which are to be published on Friday, may be £75m compared with £91.4m in the previous year. The outlook is still dull but the second interim dividend should be maintained at 5.5p.

It is now high season for British brewers and next week sees interim figures from both Bass (Tuesday) and Guinness (Friday). In the case of Bass, analysts are contemplating a small improvement at the pre-tax level, an interim profit of around £53m to £55m against £50.1m. But last year's half-time figure included £3.2m of property disposal profit and this year the amount could be even higher. Stripping this out the trading may have been rather static.

Bass will probably include around three months from Coral, but several analysts think this will be a loss of at least £1m. Poor beer volume may have been *mitigated* by maintained margins and wines should have improved. The Bass dividend could be up about 10 per cent from last year's interim of 2.3p.

At Guinness, profits could dip slightly or remain close to last time's £21.2m pre-tax. The translation factor between the Irish punt and sterling will have shaved earnings a bit, as will the Malaysian-UK translation. Malaysia is compounded by having had a difficult six month period. General trading could be up from last time, but plastics may well be down. The dividend will probably be held at 1.575p.

Estimates of Tuesday's preliminary announcement from Associated British Foods are around the £110m mark, compared with last year's pre-tax total of £98.7m. The main sources of improvement will probably turn out to have been a strong performance from Premier, profiting by the buoyancy of the South African economy; much higher profits, if on lower gross margins, from Fine Fare; better profits from UK milling, following last year's price increases.

The only major slippage to set against these advances is thought to have been in Australia, where the poultry market caved in, although there have been recent signs of improvement there. The final dividend is expected to be put up to 2.5p net.

The main interest in Metal Box's preliminary figures due on Monday will be on the deteriorating debt-equity ratio and the board's statement on the speed with which a recovery can be expected.

The company has experienced a very large outflow of cash this year, partly because of reorganisations costs. The debt-equity ratio is likely to have risen to an uncomfortable level of just under 60 per cent and increases the odds on the company opting for a rights issue within the next 18 months if the share price recovers.

At the pre-tax level for the year-end March 31 1981, analysts range from £15m *to* £25m as against nearly £60m last year. The discrepancy between the estimates is based on differing views of the size of redundancy and reorganisations costs which the group will take above the line.

An uncovered halved final dividend of 5.4p is the consensus view. News of a permanent replacement for Mr Sieve, the group's financial director, who resigned unexpectedly last December, is keenly awaited.

The chairman of Westland Aircraft said profits in the first quarter were ahead in real terms and this trend probably continued in the second quarter as a substantial workload in spare parts has been building up.

The interim report, due on Wednesday, may show profits before tax up to £12m from £10.6m in the previous year. Analysts will also be looking for news about new orders for the WG-30 derivative of the Lynx helicopter and any progress on negotiations between the British and Italian Governments on the EH-101 replacement for the Sea King helicopter. A dividend increase seems likely, perhaps to 2.3p from last year's 2p at the interim stage.

Other results due next week include preliminary figures from London and Overseas Freighters on Wednesday and Hill Samuel and the 600 Group on Thursday. Hanson Trust reports interim figures on Wednesday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Anglo Indonesian Corpn	Monday	—	3.3275	—
Ariel Industries	Thursday	1.082	1.622	0.541
Associated British Foods	Monday	1.1	2.3	1.2
Below Holdings	Wednesday	1.0	2.0	1.0
Beales (John) Assocd. Cos.	Friday	—	—	—
British Benzol Carbonising	Friday	1.0	1.0	—
Brown & Jackson	Friday	4.0	5.0	4.0
Brown Shipley Holdings	Thursday	5.5	7.5	5.5
Brownlee	Tuesday	0.66667	2.66667	0.7
Caffyns	Tuesday	2.2	4.6	2.2
Copper Neill	Tuesday	2.1	2.1	2.1
Continuous Stationery	Thursday	0.45	1.7	0.45
Country & New Town Properties	Tuesday	0.2	0.55	0.25
Cullen's Stores	Wednesday	1.4‡	3.6	0.7‡
Electra Investment Trust	Wednesday	1.09	1.33333	1.1
Elliott (B.)	Wednesday	5.0	7.25	5.0
Finlay (James)	Thursday	2.75	3.0†	3.0
Geevor Tin Mines	Wednesday	2.8	5.6	—
Great Portland Estates	Wednesday	0.8	3.2	1.0
Hill Samuel Group	Thursday	1.834	4.018	2.2
LCP Holdings	Tuesday	1.8	2.5	1.8
Locker (Thomas) Holdings	Tuesday	0.25	0.8125	0.25
London & Overseas Freighters	Wednesday	—	1.072	—
Metal Box	Monday	8.47	11.83	4.2
Northern Goldsmiths	Wednesday	0.85	2.4	0.85
Parrish (J. T.)	Tuesday	—	—	—
Pogler-Hattersley	Wednesday	4.0	5.5	4.0
Pilkington Brothers	Friday	5.0	5.5†	5.0
Plysu	Thursday	0.6786	1.2145	0.6786
600 Group	Thursday	2.34	2.91	2.34
Samuel (H.)	Wednesday	0.726	5.524¶	1.5
Sketchley	Tuesday	2.8	5.2	2.8
Staveley Industries	Thursday	4.5	8.5	4.5
Valor	Thursday	0.772	1.891	0.772
Warren Plantation Holdings	Monday	3.0	7.0	3.0
Wigfall (Henry) & Son	Thursday	3.0	10.5	—
INTERIM DIVIDENDS				
Archimedes Investment Trust	Tuesday	3.0	3.8†	
Bass	Tuesday	2.3	6.3	
Burco Dean	Thursday	—	—	
Carr's Milling Industries	Tuesday	1.26	2.76	
Chemring	Friday	1.8	2.2	
Elson & Robbins	Wednesday	1.509	3.491	
Fairline Boats	Thursday	1.7	1.8	
French (Thos.) & Sons	Wednesday	2.0	3.0	
Guinness (Arthur)	Friday	1.875	3.125	
Hanson Trust	Wednesday	3.75	4.75	
ICL	Monday	0.95	2.025	
Sidlaw Industries	Thursday	1.5	1.5	
Utd. Spring & Steel Group	Wednesday	0.84	1.1075	
Vectis Stone Group	Tuesday	0.6	1.2	
Westland Aircraft	Wednesday	2.0	3.5	
INTERIM FIGURES				
Tomkinsons Carpets	Friday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Second interim dividend. ‡ Total of first and second interim dividends. ¶ Includes non-recurring dividend of 0.5p.

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THE WEEK'S COMPANY NEWS

Take-over bids and deals

Allianz Versicherungs AG, the largest insurance group in West Germany, launched a "dawn raid" on Eagle Star on Monday and acquired a 14.9 per cent stake at 290p per share. Allianz later announced that it was making a tender offer for a further 15 per cent stake in ES at a maximum price of 290p per share. Eagle Star advised shareholders not to tender their shares. Allianz was emphatic that it is not intending to make a bid for control of Eagle Star.

Senior management of **Hornby Hobbies**, the model railway and Scalextric car racing circuits group, which was rescued from the receivers following the collapse of its parent company, **Dunbee-Combex-Marx, announced that it had concluded the purchase** of the business from the receivers for around £5m. The company was backed by a syndicate of City institutions and, under the terms of the deal, the syndicate *will have an 80 per cent stake* in the company, with the remainder being shared between management and employees.

A group of institutional investors, in conjunction with two former associate directors of GEC, made an agreed 68p per share cash bid for **Myson Group**, the loss-making heating, ventilation and air conditioning specialist, valuing the company at £6.5m.

Stroud Riley Drummond, which owns a 27.4 per cent stake in **Hield Brothers**, raised its offer for the latter to one Stroud share plus 33p cash for six Hield, valuing the company's shares at approximately 15½p. Stroud's revised offer tops Gamma Beta Investments' second bid of 13½p per share cash for Hield.

The share *price of* **Polymark International**, the laundry equipment *and textile labelling machinery supplier, dropped 30 to* 96p on Tuesday on the termination of bid discussions with **London and Midland Industries** but recovered the following day to 112p on talk that another suitor might come forward.

Insurance broker **Hogg Robinson** made its first major U.S. acquisition in a deal worth $42.5m. In a joint venture with Republic Steel Hogg is buying **Penn General Agencies**, understood to be the twelfth largest broker in the U.S.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Anglo Metrop.	111½	108	101	6.34	*First Penn. Mort. Trust*	—
Bellway	86	88	88††	11.15	Leech (Wm.)	—
Brit. Sugar Cpn.	335*	322	315	201.00	Berisford (S. and W.)	9/6
Collins (Wm.)	200*	253	180	8.24	News Int.	—
Collins (Wm.) 'A'	150*	158	135	14.51	News Int.	—
Constrctn. Hldgs.	197½§	216	193	1.78	Fulcrum Inv. Trust	—
G. H. Downing	200*	206	158	12.06	Hanson Tst.	17/6
Hield Bros.	13½*	15½	10½	2.05	Gamma Beta Inv.	—
Hield Bros.	15½§§	15½	11½	2.35	Stroud Riley Drummond	—
Hill (Chas.)	100*	108	92	1.17	Consortium	—
Hirst & Mallinson	35	34	30	1.81	Assoc. Brit. Eng.	—
Lloyds & Scottish	200*§	197	185	144.21	Lloyds Bank	—
Myson	68*	65	48††	6.53	Consortium	—
NCC Energy	—	132	135††	—	Simplicity Pattern	—
Ruo Estates	58*§	60	58	0.79	E. Produce and Laurie Plnts.	—
St. Piran¶¶	60*§	65††	65††	4.93	Gasco Invs.	8/6
Savoy "A"	186½	188	125	51.64	Trusthouse	19/6
Savoy "B"	£11½	£11	775	14.53	Trusthouse	19/6
Tunnel "B"	478§§	441	320	87.23	Ward (T. W.)	8/6
Winston Est.	—	115	73††	—	Sterling Credit	—
Wrighton (F.)	77½*	72	70	3.49	Greenbrook	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 5/6/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airflow Strmlns.	Feb	282L	(1,140)	—	(13.0)	0.1	(2.32)
Beecham Group	Mar	150,600	(136,800)	13.6	(12.4)	6.67	(6.13)
Carless Capel	Mar	4,800	(6,270)	10.7	(9.6)	2.75	(2.5)
Century Oils	Mar	3,040	(3,570)	10.3	(16.8)	2.8	(2.25)
Clark Morland	Feb	1,450L	(346)L	—	(—)	—	(—)
Coalite Group	Mar	21,860	(20,530)	24.0	(19.9)	4.16	(3.85)
Culter Guard	Mar	1,360L	(337)	4.5	(3.2)	—	(0.5)
Debenhams	Jan	25,000	(15,800)	15.8	(9.4)	6.37	(6.37)
De La Rue	Mar	33,000	(36,540)	77.4	(60.3)	21.0	(19.8)
Dentsply	Nov	1,180L	(559)	—	(—)	—	(—)
Deritend Stmpng.	Feb	168	(1,920)	—	(37.8)	6.6	(8.5)
Dundonian	Mar	1,830	(1,020)	9.9	(6.2)	3.5	(3.0)
Dunhill (Alfred)	Mar	2,840	(8,470)	42.0	(51.4)	10.0	(12.24)
Electronic Rntls.	Mar	14,740	(12,220)	5.6	(7.2)	4.31	(4.31)
EMAP	Mar	4,050	(3,300)	11.0	(11.6)	3.5	(2.75)
Edbro Holdings	Mar	3,880L	(1,240)	—	(17.2)	—	(9.03)
Energy Finance	Mar	392	(305)	2.9	(3.3)	1.2	(1.0)
Eva Industries	Mar	418	(2,040)	—	(16.4)	1.0	(5.65)
Gieves Group	Jan	1,100L	(451)	—	(—)	—	(—)
Glossop (W. & J.)	Jan	376	(422)L	5.8	(3.8)	4.82	(4.2)
Guthrie Corpn.	Dec	24,010	(27,500)	27.3	(38.5)	30.0	(30.0)
Harrisns. & Crsfld.	Dec	51,020	(58,380)	46.6	(57.3)	28.0	(28.0)
Highams	Mar	681	(1,410)	9.6	(11.1)	3.58	(3.58)
Inter City Inv.	Dec	493L	(167)	—	(1.5)	—	(0.6)
Leigh Interests	Mar	1,150	(1,100)	11.6	(10.6)	5.63	(5.0)
Lesney Products	Jan	10,900L	(3,600)L	—	(—)	—	(1.23)
Mountview Ests.	Mar	2,290	(1,930)	22.0	(18.5)	2.9	(2.4)
Parkland Textile	Feb	202	(1,360)	4.6	(13.0)	3.7	(3.7)
Reed Intl.	Mar	50,400	(99,900)	34.1	(66.7)	13.0	(13.0)
Rolfe & Nolan	Feb	155	(160)	4.8	(6.0)	1.5	(—)
Rowlinson Cnst.	Mar	421	(63)	6.8	(0.4)	0.61	(0.61)
Sangers Group	Feb	5	(1,120)	2.6	(13.2)	1.8	(6.38)
Scotcros	Mar	1,510	(2,120)	14.7	(22.8)	5.52	(5.08)
Time Products	Jan	3,250	(5,510)	5.9	(10.8)	2.25	(2.25)
Transparent Ppr.	Mar	146	(1,020)	—	(11.4)	0.1	(5.76)
Triefus	Dec	912	(1,050)	11.1	(17.6)	2.88	(2.75)
Utd. Electronic	Mar	859	(744)	6.0	(7.8)	1.57	(—)
Wettern Bros.	Dec	497L	(67)	—	(1.7)	—	(5.21)
Whittington Engn.	Mar	127	(184)	8.4	(10.0)	3.5	(3.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Avon Rubber	Apr	1,510L	(784)	—	(4.0)
BP	Mar	395,000‡	(505,000)‡	—	(—)
Carr (John)	*Mar*	*1,100*	*(1,750)*	*0.53*	*(0.53)*
Cty. Dublin Bank	Mar	426†	(377)†	0.88	(0.88)
Comet Radiovision	Feb	5,740	(5,660)	1.47	(1.36)
Hickson & Welch	Mar	2,210	(4,400)	2.5	(2.5)
Lombard North	Mar	17,800	(3,300)	—	(—)
Marley	Apr	5,060	(10,380)	1.0	(1.0)
Martin Newsagent	Mar	2,410	(2,070)	3.96	(3.6)
McCorquodale	*Mar*	*2,335*	*(2,695)*	*2.75*	*(2.64)*
MEPC	Mar	12,680	(10,400)	2.0	(1.75)
Morgan Crucible	Mar	519¶	(3,280)¶	—	(—)
Northern Foods	Mar	17,190	(14,810)	1.8	(1.6)
Talbex	Jan	185L	(58)	—	(—)
Ward (Thos. W.)	Mar	7,780	(7,260)	2.6	(2.4)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. † In I£. ‡ First quarter net income. ¶ First quarter figures. L Loss.

Scrip Issue

Dundonian—One for four.

Rights Issues

Flight Refuelling—Is raising £5.15m by way of a rights issue on the basis of one for six at 255p per share.
Second City Properties—is raising £2.26m by way of a rights issue on the basis of one for four at 60p per share.
The English Association—Rights issue on the basis of one for three at 375p per share to raise £4.2m.

Offers for sale, placings and introductions

United Ceramic Distributors—Coming to the Unlisted Securities Market by way of a placing of 415,657 shares at 80p per share.

Lloyds Bank increases share holding

Morgan Grenfell and **Lloyds Bank International** have announced that acceptances of the offer for the ordinary shares in Lloyds and Scottish not already owned by Lloyds Bank have been received from the holders of 10.64m ordinary shares in Lloyds and Scottish (8.96 per cent of the issued share capital). Lloyds Bank now owns 59 per cent of the issued share capital of Lloyds and Scottish.

Following the admission of the new shares in Lloyds Bank to the official list of the Stock Exchange, the share alternative has become unconditional.

A. BROWN & SONS/ SONASHAW SECS.

The directors of **A. Brown and Sons** state that **Sonashaw Securities** has made a 27p a share offer for 20 per cent of the group's ordinary share capital, an offer to which they give their support. Mr. W. T. Webb, Sonashaw's chairman, will be invited to join the board of Brown upon the offer being accepted by holders of at least 10 per cent of the ordinary shares.

LONDON AND CONTINENTAL

London and Continental Advertising Holdings has acquired, for cash, **Viewpoint Advertising**. This London-based outdoor poster advertising contractor is expected, when fully integrated into existing outdoor activities, *to contribute some £100,000 to* pre-tax profits in a full year.

BARROW HEPBURN

The Barrow Hepburn Group has been informed by the Caparo Group that Caparo *has sold its* remaining holding of 2.75m shares in Barrow Hepburn. Since Caparo now owns no ordinary shares in Barrow, Mr. Swraj Paul, chairman of Caparo, has resigned as a Barrow director.

The M and G Recovery Fund now owns 2.2m shares in Barrow, as announced on June 1 and the London Trust Company now owns 5.49m (22.68 per cent) having purchased 4.49m on that date.

Investors syndicate buys 1.995m Myson shares

Morgan Grenfell, advisers to a syndicate of institutional investors, making a 68p per share cash offer for **Myson Group**, the loss making heating, ventilation and air conditioning specialist, acquired a total of 1.995m shares in Myson yesterday.

These shares, together with the 885,219 ordinary shares purchased yesterday from Mr R. Myson and Mr N. Bend (chairman and director of the Myson Group respectively) carry 29.9 per cent of the voting rights of the group.

The syndicate, which has made the £6.54m agreed bid, comprises F. and C. Management, Gartmore Investment, G. T. Management, Henderson Administration, London Trust, M. and G. Recovery Fund, Morgan Grenfell, Norwich Union Life Insurance Society, and UK Provident in conjunction with Mr R. A. Wheeler and Mr J. G. Salkeld, who are two former associate directors of the General Electric Company.

Myson's shares were relisted yesterday and close at 65p.

HALOBERRY BUYS FIREWORK CONCERN

Haloberry, a new finance company backed largely by the Industrial and Commercial Finance Corporation, has purchased both Astra Fireworks and its retailing arm Andrews [illegible] Page for a combined su[illegible]06,000.

Haloberry has also been financed by Messrs. Arthur Reed, Chris Gumbley, Martin Guest, John Park, Atholl Mowbray, Gerald James, and John Anderson, who will now constitute the new directors and management of the two companies.

Spring Grove sells part of its Dutch assets

Spring Grove Services, the *service management company* with interests in garment and *linen hire and cleaning*, has sold some assets of its Netherlands-based subsidiary **Nico Nijman Wassen Stomen** (NNWS) to a newly-formed Dutch cleaning group, for £675,000.

The assets being sold relate to laundry and rental services to hospitals in the Rotterdam area. Mr Roger Nias, managing director of Spring Grove, said yesterday that the group has been attempting to get out of the hospital-linked business for some time, and is switching its activities *increasingly to work-wear hire* and laundering.

The new Dutch group is being formed by a non-executive director of NNWS and **Semsto Cleaning**, a major Dutch laundry and cleaning organisation.

Mr Nias said laundry and rental services have in the past contributed less than 5 per cent of group profits and though the sale of these assets will have little effect in the short-term, the longer-term effect should be *beneficial*.

EASTERN PRODUCE

Eastern Produce (Holdings) (EPH) and **Lawrie Plantation Holdings** (LPH) announce that acceptances of the EPH offer for the shares of **Ruo Estates Holdings** (Ruo) not already owned *by EPH or its subsidiaries have* been received in respect of 147,335 Ruo shares (10.86 per cent).

MATHESON & CO./ LANCASTER GROUP

Matheson and Co., through its newly-formed subsidiary Matheson Motor Holdings, has acquired 76 per cent of the equity of Lancaster Group Holdings, distributor of motor vehicles.

Matheson and Co. is a wholly-owned subsidiary of Jardine Matheson and Co., Hong Kong. The deal is its first venture into the retail motor industry in the UK although the Jardine group *is distributor for Mercedes Benz* in both Hong Kong and Hawaii.

CROWN HOUSE

Crown House, the diversified industrial company with *interests in electrical* and mechanical services and engineering, now holds 4,235,127 shares in Denbyware, the glass tableware manufacturer, equivalent to 98.51 per cent of the equity.

The stake has been built up following the increased offer by Crown House for Denbyware of 134p in cash for each share held which was made in April. Prior to the original bid, Crown House held almost 30 per cent of Denbyware. Ahead of the increased offer the holding had increased to almost 35 per cent.

Four directors have resigned from the board of Denbyware following the takeover. They are Mr George Robinson, the chairman, Professor Edgar Andrews, Mr Arthur Houchen and Mr William Norcott.

RTZ buys more Tunnel Hldgs. shares

Rio Tinto-Zinc Corporation continued buying **Tunnel Holdings** shares in the Stock Market yesterday. At the close of business RTZ held, as an investment, 1.9m "B" ordinary shares of Tunnel representing around 10.3 per cent of that class and 7.3 per cent of the votes attributable to the Tunnel ordinary capital.

Tunnel is currently fighting a takeover bid from Thos. W. Ward. RTZ revealed its interest in Tunnel last Monday and stated during the week *that it did not* intend to make a counter offer to Ward's.

That promise expires on Monday with the Ward offer if it does not go unconditional.

GREENBROOK AND F. WRIGHTON

THE offer by **Greenbrook Securities** for **F. Wrighton & Sons** has become unconditional following acceptances from the holders of *4,455,014* ordinary shares, representing 99 per cent of those issued.

Holders of 400,031 shares elected for the Greenbrook loan stock option.

In addition, holders of 63,115 *Wrighton preference shares* (50.5 per cent) have accepted Greenbrook's offer.

The preference share offer has been extended until June 19 and that for the ordinary shares remains open until further notice.

ASSOCIATES DEALS

Halliday Simpson and Company, on behalf of associates' has bought 9,000 NCC Energy shares at 126p and sold 25,000 at 130p.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
Robert Fraser	13 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¾% and over £50,000 10¼%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

CORAL INDEX: Close: 544-549 (−8)

UK COMPANY NEWS

Nationwide Leisure turn around 'well on the way'

MR E. J. FARNSWORTH, chairman of Nationwide Leisure, said at the annual meeting yesterday that the company was wel on the way to being turned round into a "positive profit earning entity."

He said he was confident that a profit would be achieved this year.

Questioned about the litigation the company was involved in against former directors, Mr Vincent Cobb, managing director, said "it was not this board's intention to have a witch hunt against the previous board."

Mr Cobb said, however, that "in black and white situations where money is owed . . . we shall see that this money is repaid."

Nationwide is engaged in legal action against Mr John Hutchins, the former chairman, and Mr Richard Cox, Mr G. J. Cutting and Mr John Gray, all former directors of the company.

Mr Cobb said later that writs had been issued and the company was seeking summary judgment against them. The company was unlikely to pursue a claim against Mr Hutchins and Mr Cutting relating to a journey to Chile, he said.

The meeting approved the election of Mr F. L. Morton to the board as a nominee of the minority shareholders. Mr Cobb said it was considered to be inappropriate at the moment to have a second minority nominee on the board but this would be considered in a year's time.

KCA Int. expects £4.6m

SHAREHOLDERS in **KCA International** are to receive a circular letter which forecasts a current year pre-tax profit of not less than *£4.6m for the group, excluding* any earnings from the newly floated KCA Drilling business.

According to the document, the £4.6m will be struck after charging £1.4m of net interest payments, but will include £1.3m *arising from* land sales and £3m from exceptional exchange gains. The exchange gain relates to recent forward buying of U.S. dollars in connection with the refinancing of a drillship.

KCA has already forecast a pre-tax profit of £5.2m for its hived off drilling company. The profit attributable to the parent group (which will have 75 per cent of the drilling company) will be £4.3m, of which the sum of £1.4m will be by way of dividend.

The letter also states that KCA's net assets after the offer for sale of 25 per cent of KCA Drilling will amount to £30.9m. As at May 8, KCA International had borrowings totalling £25.2m.

J. Smart estimates £50,000 rise

THE DIRECTORS of **J. Smart and Co. (Contractors)** estimate that for the current year, to end-July, 1981, group profits before tax will be not less than £1.44m, compared with £1.39m.

They say this is made up of trading profits of £1.4m (£1.37m) and a surplus from the sale of investments, of £40,000 (£18,984).

Turnover of the group, a building and public works contractor, in the current year is running at approximately the same level as last year. Completions are being achieved on or ahead of time and the group continues to obtain a reasonable share of the work available in more or less a static market, the directors state.

The interim dividend is being increased from 0.86p to 1p net and, subject only to unforeseen circumstances, a final of 2.6p (2.3p) will be recommended.

Members holding approximately 50 per cent of the shares have waived their right to the interim payout.

Castings slips to £511,000 but final held

TAXABLE PROFITS of **Castings**, the West Midlands ironfounder, fell from £976,437 to £511,490 in the year ended March 31 1981, on reduced turnover of £6.22m compared with £6.66m.

At the interim stage Castings made a pre-tax profit of £214,382 (£323,248) and turnover stood at £3.08m (£2.9m).

The directors are recommending a maintained final dividend of 2p per 10p share making a total for the year of 3.42p (2.6p).

They say there is no indication *of improvement in trading conditions* and the company is continuing to operate on lower profit margins.

Tax took £242,499 (£488,105) and the attributable profit emerged at £242,918 (£458,332) *after an extraordinary item* relating to the cost of redundancies of £26,073 (nil).

The earnings per share are stated at 3.6p (7.2p). Current cost adjustments reduced pre-tax profit to £467,156.

BULA RESOURCES

USM DEALINGS

DEALINGS IN **Bula Resources** are expected to start on the Unlisted Securities Market on Tuesday.

Meanwhile Bula Resources has agreed to acquire a 20.9 per cent stake in Gaelic Oil from the PMPA.

WORLD STOCK MARKETS

Early firmness on Wall St

A FIRMER trend developed on Wall Street yesterday, partly reflecting improvement in the Oils.

By 1 pm the Dow Jones Industrial Average was up 3.99 to 990.73, reducing its loss on the week to 1.02, while the NYSE All Common Index, at $76.39, gained 37 cents on the day but was off 59 cents on the week. Rises led falls by a seven-to-six majority in a volume of 34.46m (36.53m) shares.

The gains in Oils followed weakness earlier this week and came despite news that Ecuador cut its oil prices by $3 a barrel to $33. It is the first Opec member to officially announce a reduction in its prices, a further indication of the world oil-glut.

However, analysts said the Stock Market's gains are likely to be limited by continuing concern over interest rates.

Investors are waiting for the release of the Money Supply figures late this afternoon, which should provide a further indication of the direction of interest rates. Most estimates are for a one to two billion dollar increase in M1-B.

Following the recent rise in Money Market rates, Girard Bank raised its Prime rate to 21 per cent this morning and Marine Midland Bank increased its Broker Loan rate to 21 per cent.

Among Oils, **Exxon** gained $¼ to $65⅝, **Mobil** $¼ to $55⅝, **Standard Oil of California** $¾ to $37¾ and **Shell** $½ to $39⅞. **Getty** added $⅞ at $60⅞ and **Atlantic Richfield** $¼ at $43⅞.

Among active issues, volume leader **Allied Corporation** rose $¼ to $53⅞. **Warner-Lambert** edged up $⅛ to $23⅞ but **Northern Telecom** slipped $⅜ to $41.

IBM gained $¼ to $59⅞, but **Boeing** eased $¼ to $30¼ while **Whirlpool** firmed $⅛ to $29⅝, all in active trading.

PPG eased $⅜ to $47¼—it said it drilled a second dry hole on its Michigan properties.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index shed 0.46 to 368.91, making a loss of 8.09 on the week. Volume 4.77m (4.35m) shares.

Canada

Prices were lower around mid-session yesterday, when the Toronto Composite Index was off 1.1 at 2,345.3.

The Oil and Gas Index lost 18.4 to 4820.2, Golds 94.3 to 4028.5, Utilities 1.47 to 263.94 and Papers 0.14 to 273.86. But Metals and Minerals rose 20.6 to 2344.7 and Banks 0.81 to 386.19.

Paris

Share prices eased in active trading, although falls were less marked on Thursday.

The Agreement between the Socialist and Communist parties to co-operate in the coming election depressed sentiment.

Oils eased, with Elf down Frs 4 at 560 after a director said Elf-France could make a first half loss of Frs 1.2bn.

In easier Chemicals, Rhone-Poulenc shed Frs 0.7 to 57.1 after the chairman said the company would continue selling assets which have an unpromising futre.

Germany

The current strength of the dollar continues to support the share market and prices ended the week strong.

The Commerzbank Index rose 2.10 to 715.20, with export-orientated Engineerings benefiting especially from the present trend.

GHH were up DM 4.50 to 220.50, after 222.00. **KHD** rose DM 3.50 to 192.50 and **Linde** gained DM 3 to 320.

Preussag strengthened DM 4.80 to 151.50.

On hte Domestic Bond Market, Public Authority issues improved by up to 0.40 per cent, with the Bundesbank selling DM 10.3m nominal of intervention stock.

Eurobonds were mostly steady, with Japanese Convertibles firm to strong.

At the Options table prices and turnover were maintained with interest in Calls on Chrysler, **Philips, BASF, Conti** and **Kali und Salz**.

Amsterdam

Mixed to higher, but Internationals were lower. **KLM** shed Fl1 to 141 and **Royal Dutch** Fl2 to 82.1.

Hoogovens eased Fl0.50 to 17.30 on Estel's expected loss.

In Banks, **ABN** rose Fl1.5 to 281.5 and **NMB** Fl1 to 154. In firmer Investment Funds **Robeco** gained Fl2.7 to 239.7 and **Rolinco** Fl2 to 261.5.

Publishers **VNU** and Insurers **Ennia** each added Fl3 and **AMEV** Fl2.1.

In inactives, **RSV** were up Fl2 on news of a possible Brazilian order for three bulk carriers. **AMFAS** firmed Fl2.50.

State Loans were steady.

Switzerland

Mixed in mostly slack turnover, with Swiss Institutional investors on the sidelines and Foreign investors less active buyers of Blue Chips than of late.

However, Foreign Bonds firmed in active trading, with demand focussing on Discount Bonds.

Australia

International factors continued to exert bearish pressure on the Resources sector but special situations featured Industrials.

ERA were among the few big names to show a rise, up 3 cents to A$1.60, folowing news the Feedral Government has approved the sale of 1,429 tonnes of uranium oxide to Belgium in a deal believed worth between A$80m and A$90m.

The effect of easing oil prices on sterling and gold tended to keep most big Mines under pressure and the All Ordinaries Index fell 3.1 to 715.

Conventional Oils were generally steady, with **Crusader** 20 cents up at A$6.80, but **Magellan** fell 40 cents to A$9, while **Woodside** were off 8 cents at A$2.29.

Santos rose 18 cents to A$8.36 after news of a small oil show at the McKinlay No. 1 well in the Cooper Basin, but partner **Vamgas** were steady at A$14 as traders awaited more information on a gas indication at the Blina No. 1 well.

Castlemaine Tooheys rose another 5 cents to A$3. **Herald** a further 10 cents to A$2.80.

Central Pacific rose 20 cents to A$1.70 and **Southern Pacific** improved 5 cents to 70 cents.

Hong Kong

Priced snapped back after two days of consolidation, resuming an unutrend that brought the market withina f ew points of its record high earlier this week. The Hang Seng Index advanced 34.6 to 1715.81, erasing Thursday's drop. Turnover also improved to $HK 707.84m ($HK 688.92m).

Tokyo

Prices closed slightly higher on light bargain hunting after the recent sharp fals, but trading was slow with many investors cautious over U.S. interest rate uncertainty and developments on the Foreign Exchange Markets. Volume 300m (320m) shares.

Singapore

Prices finished steady to slightly higher as the market overall was led upward by sharp gains enjoyed by selective Hotels and Malayan Cement.

Johannesburg

Gold shares closed slightly easier, in sympathy with the lower bullion price, in very quiet trading, while the Financial Rand extended its recent decline falling to around 81-81.50 U.S. cents.

NEW YORK

CANADA

Stock	June 4	June 3
Abitibi	27	27
Agnico Eagle	11⅞	12¼
Alcan Alumin	39	38½
Algoma Steel	47½	47½
Asbestos	38¾	38½
Bk Montreal	28½	28¼

BELGIUM (continued)

June 5	Price Frs.	+ or −
Petrofina	3,950	−55
Royale Belge	3,800	......
Soc Gen Banq.	1,665	−30
Soc Gen Belge	992	+82
Sofina	2,190	+5
Solvay	2,095	−30

HOLLAND

June 5	Price Fls.	+ or −
ACF Holding	84	......
Ahold	68.70	+0.20
AKZO	24.30	−0.10
ABN	281.50	+1.50
AMEV	89.60	+2.10
AMRO	50.9	......

AUSTRALIA

June 5	Price Aust. $	+ or −
ANZ Group	5.00	+0.08
Acrow Aust	1.35	......
Allstate Expl	0.65	......
Ampol Pet	1.60	−0.10
Assoc Pulp Pap.	2.30	......
Aud'mco	0.32	+0.02
Aust. Cons. Ind.	2.0	......

JAPAN (continued)

June 5	Price Yen	+ or −
Kubota	345	[illegible]
Kumgaal	336	[illegible]
Kyoto Ceramic	4,370	[illegible]
Lion	388	[illegible]
Maeda Cons.	510	[illegible]
Makita	865	+6
Marubeni	339	−5
Marudai	625	+15

Indices

NEW YORK — DOW JONES

	June 4	June 3	June 2	June 1	May 29	May 28	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	986.74	989.71	987.48	997.28	991.75	984.25	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	60.30	60.27	59.39	60.31	60.06	58.58	65.78 (15/1)	58.57 (7/5)	—	—
Transport.	424.61	422.22	420.63	460.92	435.79	437.87	447.38 (16/4)	379.12 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	104.85	105.56	108.22	107.53	107.67	107.56	117.81 (5/1)	105.93 (5/5)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	43,940	54,700	55,930	62,170	51,860	59,500	—	—	—	—

♦Day's high 996.66 low 980.25

Ind. div. yield %	May 29	May 22	May 15	Yearago (approx
	5.61	5.77	5.81	6.19

STANDARD AND POORS

	June 4	June 3	June 2	June 1	May 29	May 28	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	147.71	147.48	147.51	149.31	149.50	150.61	157.02 (6/1)	145.75 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	130.35	130.71	130.62	132.41	132.59	135.45	138.12 (6/1)	126.58 (20/2)	145.52 (28/11/80)	4.40 (1/6/32)

	June 3	May 27	May 20	Year ago (approx
Ind. div. yield %	4.79	4.62	4.67	5.28
Ind. P/E Ratio	9.14	9.57	10.81	7.52
Long Gov. Bond Yield	12.86	13.01	13.22	10.11

N.Y.S.E. ALL COMMON

June 4	June 3	June 2	June 1	1981 High	1981 Low
76.02	75.67	75.89	76.91	79.14 (6/1)	72.45 (20/2)

Rises and Falls	June 4	June 3	June 2
Issues Traded	1,916	1,888	1,937
Rises	773	646	465
Falls	747	847	1,151
Unchanged	596	596	321
New Highs	66	41	68
New Lows	34	71	58

MONTREAL

	June 4	June 3	June 2	June 1	1981 High	1981 Low
Industrials	405.26	402.60	398.72	402.19	409.56 (27/5)	355.26 (20/2)
Combined	372.56	371.65	358.02	370.43	375.16 (27/5)	338.64 (20/2)
TORONTO Composite	2346.4	2358.7	2345.1	2362.1	2578.6 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Gulf & Western	575,100	18⅞	—
Atlantic Richfld.	517,000	43	+1⅛
Union Oil Calif.	505,400	30⅝	+ ⅞
Black & Decker	504,600	17⅞xd	− ⅛
General Motors	504,200	55⅛	− ½
Cities Service	475,200	33⅛	+ ¾
IBM	469,900	58	−1⅛
Sony	463,700	23¼	−1⅛
Std. Oil Indiana	445,100	53⅛	+1⅛
Tandy	440,300	35⅝	−1⅛

	June 5	June 4	June 3	June 2	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	715.1	715.1	716.7	715.4	737.3 (8/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	617.5	625.9	624.6	624.5	755.2 (7/1)	554.9 (5/5)
AUSTRIA						
Credit Aktien (2/1/62)	60.37	60.55	60.03	60.45	66.43 (5/1)	60.19 (3/6)
BELGIUM						
Belgian SE (31/12/63)	72.36	73.35	72.43	75.86	86.15 (17/2)	72.43 (3/6)
DENMARK						
Copenhagen SE (1/1/73)	(c)	110.32	109.68	110.63	112.5 (26/5)	96.88 (2/1)
FRANCE						
CAC General (29/12/61)	77.30	79.2	79.9	(u)	112.5 (17/3)	77.9 (5/6)
Ind Tendance (31/12/80)	79.70	80.4	81.2	80.7	106.8 (13/3)	79.7 (5/6)
GERMANY						
FAZ-Aktien (31/12/58)	252.73	252.09	230.79	229.42	254.8 (24/4)	215.88 (8/2)
Commerzbank (Dec. 1953)	715.58	713.1	706.2	706.1	727.7 (27/4)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	92.7	92.7	91.4	91.8	95.6 (18/5)	85.7 (2/1)
ANP-CBS Indust. (1970)	75.4	72.8	71.3	71.6	75.4 (5/6)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1715.81	1681.17	1711.87	1751.11	1751.11 (2/6)	1295.44 (11/3)
ITALY						
Banca Comm Ital (1972)	290.13	291.02	292.05	257.60	292.05 (3/6)	175.56 (5/1)
JAPAN						
Dow Average (16/5/49)	7450.37	7413.24	7460.56	7604.49	7674.13 (30/4)	6956.52 (13/3)
Tokyo New SE (4/1/68)	553.86	563.07	557.61	559.98	565.5 (1/6)	485.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	112.49	113.07	110.64	111.31	127.37 (4/5)	110.34 (3/6)
SINGAPORE						
Straits Times (1966)	836.19	892.14	830.43	900.72	910.24 (18/5)	659.51 (2/1)
SOUTH AFRICA						
Gold (1958)	—	615.1	620.7	621.5	737.6 (7/1)	561.5 (3/3)
Industrial (1958)	—	650.1	650.5	623.5	655.5 (1/5)	637.2 (6/2)
SPAIN						
Madrid SE (30/12/80)	124.21	123.68	122.71	121.83	124.21 (5/6)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	566.42	555.02	548.51	537.28	566.42 (5/6)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	284.2	285.7	285.4	285.8	304.2 (2/4)	279.3 (27/5)
WORLD						
Capital Intl. (1/1/70)	—	155.0	154.0	153.8	162.3 (5/1)	143.3 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Opel suffers big swing to deficit

By Kevin Done in Frankfurt

OPEL, the West German subsidiary of General Motors of the U.S. has told its workforce that last year's deficit amounted to "several hundred million D-Marks" and warned that there was only a slight chance remained of returning the company to profits for 1981.

Opel's plunge into the red in 1980 follows an after-tax profit of DM 213m ($89m) in 1979. Its performance last year mirrors the problems already reported by another major West German automobile manufacturer, Ford-Werke, which accumulated a loss of DM 463m last year after a profit of DM 483m in 1979.

Like Ford, Opel suffered last year from a drastic decline in demand for its larger models, such as the Senator, Commodore and Monza, with motorists choosing increasingly to buy more economical, smaller cars.

Again like Ford, Opel was hit by the dramatic cut in the volume of production with a fall of 18.4 per cent in output to 793,000 vehicles.

Its profitability was further burdened by the costs of cutting back the workforce in line with dropping production. A voluntary redundancy and early retirement programme which cut the workforce by 6,000 cost in the region of DM 90m.

This year its sales have also suffered from the aggressive sales and marketing campaign launched by Ford in the first quarter. Opel's share of domestic new car registrations fell further to only 16.5 per cent in the first four months compared with 17.1 per cent in the corresponding period.

It started the year with price cuts on many models to try to stimulate demand, but in line with the rest of the volume car industry it had to move to raise prices last month.

Rhone-Poulenc expects further heavy losses

BY DAVID WHITE IN PARIS

RHONE-POULENC, the French chemical and textile group which is threatened with nationalisation if the Left wins this month's general election, is predicting another loss this year, similar to last year's consolidated net operating deficit of FFr 327m ($58m).

M. Jean Gandois, chairman, told shareholders at the group's annual meeting that chemical sales had picked up in April but that this had been offset by unexpectedly high price increases for raw materials.

The company halved its dividend for 1980 to FFr 4.50 a share and set aside FFr 1.62bn to cover restructuring costs up to the end of 1983, including reorganisation of its main problem sector—artificial fibres—and labour cutbacks in its chemicals branches.

Group turnover last year rose 6 per cent to FFr 30.2bn.

M. Gandois said that if the Government went ahead with nationalising the group he would seek to defend shareholders' interests. He said a State takeover would prove harmful to the national economy.

"It would be scandalous for shareholders to have paid for five years what was needed for Rhone-Poulenc's survival and development and to be deprived of what they could hope for in the future," he said.

He described the dividend cut as a "balanced measure" taking account of the results and of the difficult outlook this year.

Shareholders were told that the company would continue to dispose of assets that had an unpromising future. As for new capital investment this would be strictly confined to areas where it was "necessary."

M. Gandois explained that the poor results of 1980 had prevented Rhone from reducing its borrowings.

Building boom boosts income at Plate Glass

By Jim Jones in Johannesburg

PLATE GLASS and Shatterprufe Industries, which is one of South Africa's largest glass manufacturers and has interests in timber and building products, has gained significantly from boom conditions in the country's building and motor sectors. In the year to March 31, pre-tax profit more than doubled, to R55.6m ($65.4m), from R25.9m in 1979-80, while turnover advanced to R357.7m ($421m) from R221.5m.

Mr. Bertram Lubner, chairman says that the sectors which provided the group's major markets out-performed the economy as a whole. The capacity at the start of the financial year has gradually been utilised, producing above-average pronitability. Mr. Lubner warns, however, that the rates of turnover and profit growth in the past year are unlikely to be repeated in the current year. Earnings are forecast to rise by 20 per cent this year, in the general expectation that South Africa's real economic growth will be about 4 per cent in the 1981 calendar year.

Although Plate Glass is operating at full capacity, Mr. Lubner is concerned about the impact on operations of inflation, lack of skilled labour and the recent advance in interest rates.

A total dividend of 90 cents, against 50 cents, has been declared from earnings per share of 202.9 cents on a LIFO basis, comprised 103 cents the previous year.

Estel stays firmly in red despite price increases

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH steel-making group Estel Hoesch-Hoogovens made another considerable loss in the second quarter of 1981, Mr Jan Hooglandt, chairman, told the shareholders' meeting.

Last month Estel said that the first quarter of the current year, with a pre-tax loss of Fl 244m ($91m), was expected to be the low point of the steel recession at the time. Mr Hooglandt forecast that Estel would make a considerably smaller loss in the second quarter.

Steel prices have improved but the increases have not matched the rising cost of raw materials and energy, the company said. Higher costs could not be fully passed on in higher prices while the sharp recovery in the dollar on foreign exchange markets had been a further negative factor. No loss figure was given.

The European steel industry still has a future, though on a more modest scale than in the past, Estel said. European manufacturing industries need close contact with a local steel industry.

Estel said last month that it hoped to reduce its loss this year after making a record 1980 net loss of Fl 488m on sales of Fl 14bn ($5.2bn)

Sharp decline at Perstorp

BY WILLIAM DULLFORCE IN STOCKHOLM

PERSTORP, the Swedish chemicals and plastics group, reports earnings of SKr 65m ($13m), down by SKr 20m, for the eight months ended April, 1981.

The company expects an upturn in the autumn but annual earnings are now forecast to fall to between SKr 75m and SKr 85m compared with the SKr 109m returned for 1980-81 as a whole.

Sales during the eight months advanced by 5.6 per cent to SKr 1.15bn.

The profit slide occurred in the consumer goods and components divisions. Chemicals and the group's laminate operation in Brazil are expected to maintain earnings through the year. Capital spending has been trimmed to SKr 60m from SKr 92M.

● Pharmaceuticals group Astra boosted sales by 12 per cent to SKr 710m ($142m) in the first four months of this year. The company repeated its earlier forecast that 1981 earnings will climb by 13 to 19 per cent to SKr 205m-215m.

Sales growth was faster in foreign markets than in Sweden, with Australia, the UK and Mexico giving 30 per cent increases in local currencies. In Europe, exchange rate changes led to lower sales growth measured in Swedish kronor.

The group's asthma drugs have been increasing sales fastest

Air Liquide lifts group profit by a third

By Our Paris Staff

AIR LIQUIDE, the French industrial gases concern, has announced a further sharp increase in group results for last year, when net profits rose by almost a third to FFr 569m ($100m) from FFr 431m in 1979 and FFr 369m in 1978.

M Jean Delorme, chairman, told the annual meeting that a further improvement had been registered this year, with earnings 15 per cent up at the end of April. But he was reluctant to make a forecast for the year as a whole.

Sales last year rose by 27 per cent to FFr 11.03bn from FFr 8.71 bn.

M Delorme said that the increase in the dollar rate against other currencies had been beneficial for the group, and that its U.S. subsidiary Liquid Air Corporation was producing good results.

Expansion in the U.S. market has been one of the main elements in the group's recent growth.

Liquid Air Corporation showed a 12 per cent profit increase in the first quarter of this year to $9.14m on sales of $110m, only 3 per cent up on the same period last year.

Petersville rejects bid from Sleigh

By Our Financial Staff

PETERSVILLE, Australia, the foods group, has rejected the A$128m (U.S.$145m) takeover bid from H. C. Sleigh, the energy, timber and shipping group which earlier this year realised A$100m through the sale of chain of petrol stations.

Sleigh already has a 15 per cent shareholding in Petersville and is offering shares and cash (together with an all cash alternative worth A$2.35 a share) for the rest of the foods company which has interests in ice cream, dairy products, cooked meats and pastries.

The deal represents a major attempt at diversification for Sleigh following the disposal of its Golden Fleece petrol distribution business which it sold to Caltex Oil (Australia).

Newspaper bidders face defeat on UA-Columbia

BY IAN HARGREAVES IN NEW YORK

DOW JONES and Knight-Ridder, the U.S. newspaper companies, appear to have surrendered in their efforts to gain a major foothold in the growing cable television industry.

The two companies have started to sell their holdings in UA-Columbia Cablevision, the country's ninth largest cable TV company, which now looks like accepting a joint $90 per share bid from Rogers Telecommunications of Canada and UA Theatre Circuit, which already owns 27.6 per cent of UA Columbia stock.

Although the newspaper chains still technically have a definitive agreement to merge with UA-Columbia, the sale of part of their holdings, disclosed in a Securities and Exchange Commission filing, suggests they are preparing for a negotiated sell-out to the successful bidders.

Dow Jones and Knight-Ridder have refused to improve their $80 per share bid, which was worth a total of $265m.

These developments take UA Theatre close to success in a dogged fight to beat off the unwelcome advances of the newspaper companies from an important area of UA Theatre territory.

It is not yet known how the UA-Columbia deal will be finally structured, nor the extent to which Rogers will take an active role in directing the affairs of the company. Rogers has extensive cable TV interests in Canada.

Dow Jones and Knight-Ridder still own 330,000 UA-Columbia shares, or rather less than 10 per cent of the company.

Philippines seeks $514m for nuclear power plant

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINE National Power Corporation (NPC) needs to raise $514m in commercial loan packages in the next two years to finance the Philippines' first nuclear plant. Such funding is needed because the plant's cost has increased from $1.2bn to $1.9bn as the result of work stoppages in 1979 after the Three Mile Island accident in the U.S. Construction was suspended for 15 months.

The additional funding is aimed at covering cost overruns and the additional safety features to be incorporated in the plant. The total additional funding required is $557m, but NPC recently obtained a $43m loan from Sumitomo Bank, of Japan, and the National Bank of Canada.

NPC said that it would this year negotiate about $200m from the American or European markets. Of this amount, $104m is covered by a guarantee from the U.S. Export-Import Bank granted in April. The rest is to carry guarantees from the Philippines Government.

Mr Cesar Virata, Finance Minister, said that there were two alternatives in the raising of the portion of the loan covered by the $104m Eximbank guarantee. One was to borrow from the U.S. Private Export Funding Corporation (PEFCO), and the other was for NPC or the Philippines Government to float bonds in the Swiss market.

NPC said that next year, another $145m would be raised, while a third package, of $184m, would be negotiated in 1983.

McDonnell executive to head venture with Fokker

BY OUR NEW YORK STAFF

THE PROPOSED joint venture between Fokker of Holland and McDonnell Douglas of the U.S. to build a 150-seat airliner will be run from Los Angeles and will be headed by Mr Ray Bates, a vice-president of Douglas Aircraft, the commercial aircraft division of McDonnell Douglas.

In a joint statement, the two companies announced the composition of a supervisory Board for the MDF 100 project. Two members from each company's Board of directors will sit on the project Board.

Mr Bates' deputy in the active management of the programme will be Mr Jo Cornelis, a member of the Fokker management Board responsible for new aircraft projects.

The companies said they were continuing to look for other equity partners in the project, which has been estimated to cost $2bn. Initial customer response had also been "encouraging."

The statement said final terms of the agreement between the two sides would be announced within "the next several months."

Nu-West raises stake in Cities Service

By Robert Gibbens in Montreal

NU-WEST GROUP, a major real estate development and resource group, in Western Canada, has raised its holdings in Cities Service of Tulsa, Oklahoma, from 6.3 per cent to 7.2 per cent for a total investment of around $300m.

Nu-West says it will hold the Cities Service stock for investment purposes, on the ground that the company's stock is undervalued in the market and that Cities Service Canada's 17.5 per cent interest in Syncrude, operator of a 125,000-barrel daily tar sand extraction plant in Alberta, will be highly profitable from 1982.

Nu-West does not rule out the possibility that it might swap the Cities Service share block for assets of Cities Service Canada.

Cities Service Canada sold its marketing and refining assets several years ago, but retained its interest in Syncrude plus sizeable exploration lands in the frontiers areas of Canada.

COMMODITIES/REVIEW OF THE WEEK

Coffee rallies from five-year low

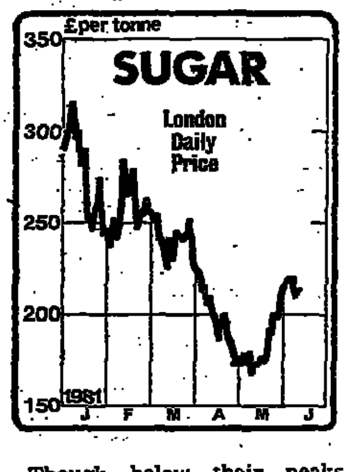
BY OUR COMMODITIES STAFF

AFTER FALLING sharply earlier in the week coffee values rallied strongly on the London futures market yesterday. The September position, which had plunged to a five-year low of £878.50 a tonne on Thursday, gained £33 yesterday to end the week £22.50 down on balance at £911.50 a tonne.

The fall had been attributed to continuing rumours of Brazilian selling and a fall in New York due to the renewed strength of the dollar. Yesterday's rise was put down to technical factors, linked to the sharpness of the preceding decline.

The International Coffee Organisation confirmed yesterday that the fall in world coffee prices below 115 cents a pound ha dtriggered a 1.4m bags (60 kilos each) cut in the global annual export quota. The 1980-1981 (October-June) quota now stands at 52.9m bags and the quota for July-September 1981 at 12.1m.

Cocoa values also ended down on the week with the September futures position losing £14 to £864.50 a tonne. News that the Ivory Coast has finally agreed that it will not join the proposed International Cocoa Agreement, though coming as no great surprise, encouraged the depressed tone.



Though below their peaks world sugar values ended the week somewhat higher. The October futures position closed yesterday at £217.25 a tonne, up £4.125 on the week. Earlier it had reached £224.75 a tonne on the strength on continued speculative support. This ran out in mid week and prices fell back quickly.

Tight supplies at Australian auctions and the fall in sterling helped to lift wool prices. The Bradford wooltops 64s price ended the week 10p up at a record 350p a kilo.

In contrast London gas oil futures prices fell to their lowest level since the market opened on April 6. The July position fell $7 on the week to $268.50 a tonne in line with the general fall in oil prices.

The decline in the value of sterling against the dollar was the main influence on the London Metal Exchange this week.

Zinc was hit by a sudden wave of heavy selling led by one dealer, who had previously been a leading buyer.

Workers at Amax plants in Missouri, which produce both lead and zinc, did go on strike this week although supplies of lead concentrates are most affected. This stoppage, coming on top of the continuing strike by St Joe Minerals lead plant workers, helped boost lead prices in London although the market was somewhat erratic.

The failure to end the strike by workers at the El Teniente smelter in Chile, although mine workers have gone back, had little effort o nthe copper market.

Cash tin gained £295 to £6,430 a tonne, with most of the gain coming in the past two days.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1981 High	1981 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£750/70
Free Markets c.i.f.	$1255/1265	—35	$1,720/740	$1500/1530	$1255/1265
Antimony					
Free Market 99.6%	$2850/2950	—25	$3,300/350	$3200/3260	$2865/2895
Copper Cash Wire Bars	£865.5	+20.5	£882	£865	£755
3 months Do. Do.	£889.75	+22	£900.5	£889.75	£777.5
Cash Cathodes	£859.5	+20.75	£853.5	£859.5	£748.5
3 months Do.	£879.5	+22	£878.5	£879.5	£765.5
Gold per oz	$461.5	—18	$601	$601	$461
Lead Cash §	£351.25	+11.25	£312	£357.5	£273.75
3 months §	£359.75	+11.25	£317.5	£364.75	£285.25
Nickel	£3,504.50	—	£3,248.35	£3,504.5	£3,166
Free Market c.i.f. lb	285/300c	—7.5	270/300c	295/310c	270/290c
Platinum per oz	£230	—	£182/50	£230	£202
Free Market per oz	£230.30	+6.45	£283.80	£243.40	£186.60
Quicksilver (76lbs.)	$430/435	—	$380/398	$430/435	$355/365
Silver per oz	518.10p	+7.1	730.20p	671.20p	496.60p
3 months per oz	533.70p	+8.0	755.20p	695.70p	511.80p
Tin cash	£6,430	+295	£7,430	£6,425	£5,700
3 months	£6,557.5	+312.5	£7,365	£6,407.5	£5,866.5
Tungsten Ind.	$143.75	—	$141.73	$149.08	$140.56
Wolfram (22.04 lb)	$144/148	—7	$138/143	$151/155	$142/145
Zinc cash	£415	—3	£290.5	£431.5	£305.5
3 months	£419.75	—5.5	£300.75	£440.75	£318.25
Producers	$925	—	$760	$925	$823
GRAINS					
Barley Futures	£95.20w	—0.2	£96.00	£102.80	£94.90
Maize French	£126.75	—	‡	£127.5	£119.75
WHEAT Futures	£100.80w	—0.5	‡	£121.10	£100.80
Hard Winter Wheat	£113.25	+6.5	‡	£112.5	£102.0
SPICES					
Cloves (g)	£4,750y	—	£4,175	£4,650	£3,800
Pepper, white	$2,100y	—	$2,350	$2,027	$2,000
" black	$1,400y	—	$1,575	$1,650	$1,400
OILS					
Coconut (Philippines)	$552.5y	—	$627.5	$640	$525
Groundnut 5%	‡	—			
Linseed, Crude	£442	—	£404	$460	£400
Palm Malayan	$595u	—	$570	$645	$560
SEEDS					
Copra (Philipines)	$385y	—	$415	$430	$350
Soyabeans (U.S.)	$297.5	—	$263.5	$340	$298
OTHER COMMODITIES					
Cocoa Shipment§	£928	—36	£1,175	£1,091	£915
Cocoa Futures Sept	£864.5	—	£1,117.5	£997.5	£857.5
Coffee Futures Sept	£911.5	—22.5	£1,738.5	£1,083.5	£878.5
Cotton Index	87.05c	—0.5	85.25c	101.15c	87.05c
Des Coconut	£660	—	£700	£560	£540
Gas Oil Fut. July	$268.5	—7		$307.5	$268.5
Jute LJ ABW C grade	£214y	—	£212	£221	£219
Rubber kilo	60p	—0.25	69p	60.25p	51.5p
Sago Pearl	£215x	—	£207	£215	£197
Sisal No. — L	$730	—	$885	$780	$780
Sugar (Raw)	£214	+15	£285	£315	£168
Tapioca No. 1	£212y	—	£205	£215	£207
Tea (quality) kilo	125p	—	150p		
(plain) kilo	‡	—	71p		
Wooltops, 64s Warp	350p kilo	+10	294p kilo	350p kilo	294p kilo

‡ Unquoted. (g) Madagascar. (x) May/June. (y) June/July. (u) Aug. (w) Sept. (v) July. * Nominal. § Ghana cocoa.

POTATOES

LONDON POTATO FUTURES—Trade selling in the morning put values up to 80p down, with buyers reserved on lack of fresh news. Profit-taking and weekend booksquaring in the afternoon raised levels somewhat, closing about steady, reports Coley and Harper. Closing prices: Nov. 58.50, —0.2 (high 58.70, low 58.30); Feb. 67.40, —0.5 (high 68.00, low 67.20); April 75.00, —0.2 (high 75.00, low 74.40). Turnover: 117 (51) lots of 40 tonnes.

BASE METALS

Base-Metal Prices advanced on the London Metal Exchange as sterling continued to lose ground against the dollar. Copper gained ground but was well offered at £890 prior to closing the late kerb at £887.5. Tin touched £6,550 following heavy stop-loss buying and hedge buying before profit-taking left three months at £6,500 at the close. Lead was finally £359.5, after a day's high of £364 but Zinc rose to £419 as heavy influential buying offset persistent selling in the afternoon. Aluminium closed at £661.5, after £664 and Nickel at £3,257.5, after £3275.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	865-.5	+10.2	864.5-5.5	+8
3 months	887.5-8	+10	889.5-90	+7.5
Settlem't	865.5	+10	—	.....
Cathodes				
Cash	858-60	+11.5	859-60	+7.5
3 months	878-9	+10.7	879-80	+6.5
Settlem't	860	+12	—	.....
S. Frod	—		*81.5-6.25	.....

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £863.5, three months £888, 88.5, 89, 88.5, 88, 87.5, 88. Cathodes, three months £878. Kerb: Wirebars, three months £887.5, 88. Afternoon: Wirebars, three months £889, 90, 89, 88.5, 90, 89.5, 89, 89.5, 90. Cathodes, three months £879. Kerb: Wirebars, three months £889, 88.5, 88, 87.5, 87, 86.5, 87, 87.5. Turnover 29,675 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6385-90	+132	6425-35	+155
3 months	6605-10	+145	6650-60	+142
Settlem't	6390	+130	—	.....
Standard				
Cash	6380-5	+147	6425-35	+155
3 months	6505-10	+145	6550-60	+142
Settlem't	6385	+145	—	.....
Straits E.	$829.40	+0.08	—	.....
New York	—			.....

Tin—Morning: Standard, cash £6,380, 75, three months £6,560, 65, 70, 75, 80, 75, 85, 90, 95, 6,500, 10, 6,500, 05, 10. Kerb: Standard, three months £6,500, 10, 20. Afternoon: Standard, three months £6,530, 35, 45, 40, 45, 50, 55. Kerb: Standard, three months £6,540, 35, 25, 6,500. Turnover 1,645 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	355-.5	+2.5	351-.5	+2.25
3 months	363.5-4	+2.5	359.5-60	+2
S'ment	355.5	+2.5	—	.....
U.S. Spot	—		*38	.....

Lead—Morning: Cash £355, three months £363, 62, 63, 62.5, 63, 63.5. Kerb: Three months £362.5, 63, 62, 62.5. Afternoon: Three months £364, 64.5, 64, 63, 62, 61, 60.5, 60. Kerb: Three months £360, 59, 59.5, 59. Turnover 17,150 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	405-.5	+2.5	414.5-5.5	+8
3 months	411.2	+5	419.5-20	+4
S'ment	405.5	+2.5	—	.....
Primw'ts	—		*46.5	.....

Zinc—Morning: Cash £407, 05, three months £415, 16, 17, 18, 17, 16.5, 16, 15, 14, 13, 12, 11.5. Kerb: Three months £412, 13, 14. Afternoon: Three months £417, 18, 18.5, 18, 17, 18, 17, 18, 20. Kerb: Three months £417, 16, 14, 15, 18, 15, 16, 17, 18, 19, 20, 19, 18, 19. Turnover 14,925 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	639.5-40	+8.5	643.5-4.5	+5
3 months	659-.5	+8.25	663-.5	+4.75

Aluminium—Morning: Cash £640, 39.5, three months £660, 59, 59.5, 59, 58.5, 59, 59.5, 59. Kerb: Three months £659, 58.5. Afternoon: Three months £662, 63, 64, 65, 64, 63.5, 64, 65, 64.5, 64. Kerb: Three months £663, 62.5, 62, 63, 63.5, 63, 62, 61. Turnover 15,700 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3190-200	+80	3220-5	+85
3 months	3255-60	+90	3270-80	+82.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Three months £3,250, 35, 38, 40, 45, 48, 45, 50, 55. Kerb: Three months £3,250. Afternoon: Three months £3,260, 65, 70, 75. Kerb: Three months £3,270, 60. Turnover 714 tonnes.

SILVER

Silver was fixed 4.9p an ounce higher for spot delivery in the London bullion market yesterday at 518.1p. U.S. equivalents of the fixing levels were: spot $9.994, down 3.6c; three-month $10.441, down 2.5c; six-month $10.862, down 0.9c; and 12-month $11.694, down 0.7c. The metal opened at 513-521p ($9.95-10.10) and closed at 518-525p ($9.95-10.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	518.10p	+4.9	519.5p	+4.25
3 months	533.70p	+5.5	534.5p	+4.75
6 months	551.70p	+6.4	—	.....
12 months	583.50p	+7.95	—	.....

LME—Turnover 65 (13) lots of 10,000 ozs. Morning: cash 519, three months 532, 34. Kerbs: three months 534. Afternoon: three months 535.5, 36, 35.5, 35. Kerbs: three months 534, 34.5, 34, 35.

COCOA

Futures were barely steady in thin trading conditions and thoughout an active day prices closed unchanged. In spite of a weaker sterling prices remained under pressure from further producer sales, although losses were later pared by increased offtake among manufacturers and some pre-weekend short covering, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	842-843	+0.5	845-833
Sept.	864-865	—2.0	868-855
Dec	901-902	......	905-891
March	932-933	+1.0	934-921
May	950-951	—0.5	952-940
July	968-970	—2.0	969-960
Sept.	985-986	—3.0	988-985

Sales: 3,635 (3,329) lots of 10 tonnes.

ICCO Futures—Daily price for June 4: 74.66 (77.81); five-day average 79.01 (80.69).

COFFEE

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	903-04	+36.0	905-58
Sept.	911-12	+35.0	915-81
Nov	912-13	+39.5	915-60
Jan	911-15	+41.5	889-60
March	908-17	+50.0	890-60
May	910-20	+37.5	920-65
July	910-30	+40.0	—

Sales: 7,011 (4,401) lots of 5 tonnes.

ICO indicator prices for June 4 (U.S. cents per pound). Comp. Daily ICA 1978 105.25 (109.46); 20-day average 114.77 (115.53).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 498.5, 499.0, 502.0-497.5; Oct. 496.5, 497.0, 497.5-494.0; Dec. 502.0, 502.5, 503.0-500.0; March 509.0, 510.0, 509.5-509.0; May 515.0, 516.0, 515.0-514.0; July 519.0, 520.0, 519.0-518.0; Oct. 519.0, 520.0, 521.0-519.0. Dec. 522.0, 523.0, 523.0. Sales: 246.

BREDS—Close (in order buyer, seller, business). New Zealand cents per kilo. Aug. 396 buyer, 399-394; Oct. 390, 395, 395-393; Dec. 393, 396, 397-394; Jan. 395, 396, 398-394; March 402, 407, 407-401; May 409, 412, 411-410; Aug. 420, 425, 422-420; Oct. 421, 427, 423-420; Dec. 420, 424, 422. Sales: 103.

GAS OIL FUTURES

The market traded within a narrow range all day as traders took stock of recent developments in the market and exchange rates. After reaching the lows in early trading, the market bounced back and stayed steady before falling off to close near the lows in the near months, reports Premier Man.

Month	Yesterdy's close	+ or —	Business Done
	$ U.S. per tonne		
June	268.50	—0.50	269.00-67.50
July	268.50	—1.00	270.00-68.25
August	273.00	—0.75	274.00-73.00
September	276.50	—0.75	279.00-76.00
October	283.00	—0.50	283.50-82.50
November	288.00	—0.50	288.25-87.50
December	292.75	—0.75	293.50-92.00
January	298.00	—	298.00
February	305.75	—0.50	—

Turnover 886 (1,293) lots of 100 tonnes.

GRAINS

July wheat opened 20p lower. In thin volume values eased slightly but buying interest from commercial sources steadied the market to close unchanged on the day. New crop wheat opened 10p lower and eased further on hedge selling. Barley saw some aggressive shipper buying in the afternoon and despite some hedge selling the market closed steady in active trading. Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
July	116.00	....	—	—
Sep	100.80	—0.15	95.20	+0.3
Nov	104.40	—0.10	99.10	+0.5
Jan	108.40	—0.05	102.50	+0.4
Mar	111.95	—0.10	105.90	+0.3
May	115.60		109.40	+0.6

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 14.25, E. Midlands 114.0. Feed barley: Eastern 98.50, E. Midlands 102.00, N. East 101.80, Scotland 100.20. The UK Monetary Coefficient for the week beginning Monday June 8 will remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent June 113.75, July 113.25, Aug. 113.25 quoted transhipment East Coast. U.S. Hard Winter 13½ per cent June 113.25, July 113, Aug. 113.50 transhipment East Coast. English Feed fob Oct. 106.50 paid South Coast, Oct./Dec. 108.50 seller East Coast. Maize: French June 126.75 transhipment East Coast seller. S. African Yellow June/July 90.00 seller. Barley: English Feed fob June 108 seller East Coast, Aug. 96.50 paid South Coast. Sept. 97.50 seller East Coast. Rest unquoted.

RUBBER

The London physical market opened steadier, with good interest throughout the day, closing steadily quiet. Lewis and Peat reported an fob June price for No. 1 RSS in Kuala Lumpur of 262.0 (260.5) cents a kg and SMR 20 229.5 (223.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
July	61.20-61.40	61.60-61.70	61.20
August	62.30-62.60	62.70-62.80	—
Jly-Sept	62.30-62.50	62.80-62.90	62.20
Oct-Dec	65.50-65.70	65.70-65.80	65.70-65.60
Jan-Mar	68.50-68.70	68.58-68.70	68.80-68.10
Apl-Jne	71.50-71.60	71.60-71.70	71.70-71.20
Jly-Sept	74.50-74.60	74.40-74.50	74.40
Oct-Dec	77.40-77.50	77.50-77.60	—
Jan-Mar	80.60-80.60	80.40-80.50	—

Sales: 526 (896) lots of 15 tonnes. 31 (5) at 5 tonnes. Physical closing prices (buyers) were: Spot 60.00p (same); July 62.00p (same); Aug 62.75p (same).

SUGAR

LONDON DAILY PRICE—Raw sugar £214.00 (£210.00) a tonne cif June-July shipments. White sugar daily price £232.00 (£230.00).

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	217.25-17.50	209.25-09.40	218.00-07.50
Oct.	217.00-17.50	210.30-10.50	218.25-09.50
Jan.	217.50-18.50	211.15-11.20	218.00-12.00
March	219.70-19.75	212.50-12.60	220.25-12.25
May	220.25-20.75	213.25-13.50	220.50-15.50
Aug	220.50-21.00	213.75-14.00	220.40-16.50
Oct.	221.80-22.00	214.25-14.75	218.50

The market drifted during the morning but rallied £7 following rumours that Mexico had bought 500,000 tons of sugar, reports C. Czarnikow.

Sales: 6,624 (—) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £317.5 (£311.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 4: Daily price 16.46 (17.33); 15-day average 16.03 (15.89).

AMERICAN MARKETS

NEW YORK, June 5.

The precious metals and copper declined sharply on increases in key interest rates. Sugar and coffee advanced on short covering and trade buying while cocoa continued to fall sharply on a general lack of trade support. The livestock complex advanced sharply on a firm tone to cash. Heating oil was weak on additional price cutting by producers, reported by Heinold.

Copper—June 75.75 (77.55), July 76.70-76.85 (78.50), Aug. 77.95, Sept. 79.00-79.20, Dec. 82.50-82.60, Jan. 83.65, March 85.70, May 87.75, July 90.10, Sept. 91.85, Dec. 94.80, Jan. 95.95, March 99.00.

*Platinum—June 426.4 (440.3), July 431.0-432.0 (445.3), Aug. nil, Oct. 448.0-450.0, Jan. 462.0, April 479.3, July 497.3.

Potatoes (round whites)—Nov. 74.0 (74.01 Feb. 81.0-82.0 (80.5), March 85.8-85.9, April 97.1-97.3. Sales: 147.

¶Silver—June 989.6 (1011.0), July 996.0-1000.0 (1022.0), Aug. 1015.0, Sept 1027.0-1028.0, Dec. 10690-1074.0, Jan 1087.7, March 1116.2, May 1144.7, July 1173.2, Sept. 1201.7, Dec 1244.7, Jan 1258.7, March 1286.7. Handy and Harman bullion spot: 1000.50 (1002.00).

Sugar—No. 11: July 17.00-17.15 (16.99), Sept 17.20-17.25 (17.07), Oct 17.35-17.40, Jan 17.40-17.70, March 17.70, May 17.90-17.85, July 17.80-17.85, Sept 18.05, Oct. 18.00. Sales: 12,775.

Tin—570.00-580.00 (586.00-575.00).

CHICAGO, June 5.

Lard—Chicago loose 19.75 (same).

Live Cattle — June 69.30-69.37 (68.22), Aug. 67.47-67.47 (65.97), Oct. 65.20-65.20, Dec. 66.67-66.55, Feb. 67.47-67.50, April 68.40, June 69.50.

Live Hogs—June 51.55-51.70 (50.32), July 56.75-56.70 (55.55), Aug 57.47, Oct 55.10-55.30, Dec 57.25-57.50, Feb 58.40-58.45, April 58.90, June 58.95, July 58.80.

‡‡Maize—July 339¾-340 (340¼), Sept 344¼-344¼ (345¼), Dec 348½-349½, March 361-361½, May 368, July 371.

Pork Bellies—July 56.15 (54.15), Aug 55.80 (53.80), Feb 72.12, March 72.80, May 73.90, July 75.42, Aug 74.90.

†Soyabeans—July 727½-729 (730¼), Aug 728 (732¼), Sept 728-727½, Nov 739½-738½, Jan 755-755½, March 775-774½, May 788-789, July 798½.

‖Soyabean Meal—July 209.5-209.7 (210.1), Aug 209.8-210.0 (211.2), Sept 210.5-211.0, Oct 212.0, Dec 216.0-216.5, Jan 217.5, March 224.0, May 226.0, July 229.0-230.0.

Soyabean Oil — July 22.26-22.28 (22.36), Aug. 22.68 (22.75), Sept. 23.08-23.07, Oct. 23.45, Dec. 24.05, Jan. 24.30, March 24.75-24.80, May 25.24, July 25.42-25.45, Aug. 25.64.

†Wheat—July 408½-408 (404), Sept. 425-424½ (421), Dec. 448½-448, March 469-468, May 477, July 480½.

WINNIPEG, June 5.

§Barley—July 146.50 (146.10), Oct. 142.50 (141.90), Dec. 142.50, March 144.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 256.34 (256.24).

*Gold—June 451.0-453.0 (465.2), July 457.0 (470.2), Aug 461.5-463.0, Oct. 473.0-474.5, Dec 484.5-486.0, Feb 496.7, April 511.1, June 524.0, Aug 535.5, Oct 547.8, Dec 560.3, Feb 572.8, April 585.4.

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

NEW YORK, June 4.

††Cocoa—July 14.79 (15.29), Sept 15.56 (16.20), Dec 16.68, March 17.48, May 18.10, July 18.05, Sept 19.20.

Coffee—"C" Contract: July 102.50-103.00 (109.48), Sept 105.48 (109.48), Dec 103.62, March 102.13, May 104.65, July 102.31, Sept 103.50. Sales: 1,957.

Cotton—No. 2: July 84.45-84.60 (83.27), Aug 84.00-84.80 (82.80), Oct 80.60-80.75, Dec 78.55-78.65, March 80.05-80.20, May 81.40-81.70, July 83.00-83.50, Oct 82.80-83.40. Sales: 5,500.

Heating oil (cents per U.S. gallon)—July 0.9145 (0.9172), Aug 0.9155 (0.9188), Sept 0.9245, Oct 0.9418, Nov 0.9575, Dec 0.9760, Jan 0.9925, Feb 1.0055, March 1.0230, April 1.0275, May 1.0275, June nil, July 1.0275, Aug 1.0350. Turnover: 4,527.

Orange Juice—July 142.30-142.50 (141.90), Sept 145.30 (145.50), Nov 146.30-146.50, Jan 146.80-147.00, March 147.80-148.00, May 148.80-149.40, July 149.80-150.40, Sept 150.80-151.00, Nov 151.05-151.55. Sales: 1,200.

CHICAGO, June 4.

Chicago Imm Gold—June 466.5 (470.3), July 471.9 (476.0), Sept 481.5-482.2, Oct 488.1, Dec 499.7-500.4, Jan 506.9, March 519.4, April 525.7, June 538.3.

NEW ORLEANS—Milled rice futures (cents per cwt of U.S. No. 2 long grain): Sept 2,378 (2,377), Nov 2,308 (2,296), Jan 2,340, March 2,389.

INDICES

FINANCIAL TIMES

June 4	June 3	Month ago	Year ago
250.62	253.44	256.16	266.91

(Base: July 1, 1952=100).

MOODY'S

June 4	June 3	Month ago	Year ago
1081.1	1086.1	1082.6	1121.7

(December 31, 1931=100).

DOW JONES

Dow Jones	June 4	June 3	Month ago	Year ago
Spot	386.70	390.36	392.86	412.44
Fut'rs	385.90	389.66	404.61	441.18

(Average 1924-25-26=100).

REUTERS

June 5	June 4	M'nth ago	Year ago
1759.6	1745.0	1685.0	1673.0

(Base: September 18, 1931=100)

SOYABEAN MEAL

The market opened with small gains and firmed on weaker sterling, reports T. G. Roddick. Short covering and fresh commission house buying met little resistance and prices closed strong with gains of up to £3.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	135.00-35.5	+1.55	135.50-32.00
August	134.30-34.4	+2.40	134.50-32.00
October	136.80-36.9	+2.45	136.80-34.50
December	138.80-39.0	+2.55	138.50-37.50
February	140.70-41.5	+2.95	141.10-38.00
April	141.00-45.0	+2.75	—
June	141.60-44.5	+2.25	—

Sales: 430 (127) lots of 100 tonnes.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£3.40, codlings £1.80-£2.50. Medium plaice £5.50, best small £3.30-£4.00. Skinned dogfish (large) £5.50, (medium) £4.00. Lemon soles (large) £8.50, (medium), £8.00.

APPOINTMENTS

New directors at Derby Trust

Mr John R. Wells, finance director of Costain Group, and **Mr Michael J. de R. Richardson**, a managing director of N. M. Rothschild & Sons, have been appointed to the Board of DERBY TRUST.

★

Mr C.-M. Winter, deputy managing director of the Royal Bank of Scotland Limited, has been appointed to the Board of the ROYAL BANK OF SCOTLAND GROUP.

★

Professor Arnold Heyworth Beckett, professor of pharmacy at Chelsea College, London University, has been elected president of the PHARMACEUTICAL SOCIETY OF GREAT BRITAIN. **Mr Henry Howarth** has been appointed vice-president and **Mr John Kerr** has succeeded **Mr James Bloomfield** as treasurer.

★

Mr David Airey, managing director of Bibby Edible Oils, has been appointed chairman of the SEED CRUSHERS AND OIL PROCESSORS ASSOCIATION. He takes over from **Mr Clive Bennett**, a director of Kraft Foods. **Mr John le Pla** of Van den Berghs and Jurgens has become vice-chairman.

★

SWISS BANK CORPORATION has appointed **Mr Michael Gabitass** manager at its London office (which he will join later this year) and promoted **Mr Peter Obrist** to assistant manager, both from July 1.

★

Mr Mark Viney has been appointed a main Board director of the ARROWCROFT GROUP from July 1. He will be responsible for the financial co-ordination of the group's investment and development programme with special emphasis on funding.

★

Mr J. V. Thompson, Mr R. L. Dobson and **Mr J. G. Cater** have joined the partnership of FIELDING, NEWSON-SMITH & CO., stockbrokers.

★

Dr Roy Bichan and **Mr Alex Taylor** have been appointed directors of ROBERTSON RESEARCH HOLDINGS. Dr Bichan is also a director of Robertson Research International and is primarily responsible for the company's mineral and mining activities. Mr Taylor is executive vice-president of the SNC Corporation of Canada.

★

Mrs Anne Harris has been elected chairman of the NATIONAL FEDERATION OF WOMEN'S INSTITUTES.

★

Mr Jeremy G. Thorn has been appointed director of marketing, STAVELEY FOUNDRIES.

★

Mr J. W. Richardson-Hill will be joining ANTONY GIBBS & SONS on June 8 as director responsible for business development.

★

Mr H. M. J. C. Somerset has retired from the Board of JAMES FINLAY & CO.

★

Mr W. J. M. Bradbury has been appointed sales and marketing director of FIRTH BROWN.

★

Mr Angus Lloyd has resigned his directorship of OSCAR AND PETER JOHNSON.

★

The Energy Secretary has reappointed **Mr Jack Smith** as a member and deputy chairman of the BRITISH GAS CORPORATION for two years from July 1.

★

BURNETT & HALLAMSHIRE HOLDINGS mining division has made the following Board appointments within the division's parent company, the Mining Investment Corporation. **Mr D. L. Heighington**, formerly managing director of Mincorp's subsidiary Northern Strip Mining, has been appointed joint managing director of Mincorp (Europe). **Mr J. R. Hall** has been appointed managing director of Northern Strip Mining, having been production director. **Mr J. T. Stringfellow** has been appointed managing director of Mincorp's subsidiary Martin Kennelly but retains his position as president of NSM Coal Company in the U.S.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 8	June 19	Sept. 10	Sept. 21
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19

For *rate indications see end of Share Information Service*

Money was given for the call in Burmah Oil, Electronic Rentals, Howard Tenens, Transparent Paper, Mersey Docks, Tozer Kemsley and Millbourn, Phoenix Timber, Sturla, Rothmans, Tecalemit, Hongkong Telephone, Tubes, Premier Oil and Lonrho. Puts were done in Beecham and Thomas Tilling, while doubles were arranged in Fisons and Debenhams.

LONDON TRADED OPTIONS

June 5 Total Contracts 1781; Calls 1677, Puts 104

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	360	19	2	30	1	46	1	362p
BP (c)	390	7	9	17	35	32	11	"
BP (c)	420	4	21	10	8	20	—	"
BP (p)	360	15	21	26	7	32	2	"
BP (p)	390	34	11	40	2	42	—	"
Com. U'n (c)	140	32	11	36	6	40	—	172p
Com. U'n (c)	160	15	37	19	2	26	—	"
Com. U'n (c)	180	5	151	12	28	16	4	"
Cons. Gld (c)	460	50	10	70	—	80	—	498p
Cons. Gld (c)	500	23	37	45	2	55	—	"
Cons. Gld (c)	550	7	47	20	5	35	3	"
Court'lds (c)	70	3	—	7	10	9	2	66p
Court'lds (c)	80	1	4	3	25	$5\frac{1}{2}$	3	"
GEC (c)	600	90	—	110	1	—	—	680p
GEC (c)	650	48	—	70	25	95	—	"
GEC (c)	700	17	8	40	2	65	—	"
Gr'd Met. (c)	160	44	1	47	—	—	—	202p
Gr'd Met. (c)	180	26	8	29	3	37	1	"
Gr'd Met. (c)	200	11	60	18	14	25	—	"
Gr'd Met. (c)	220	$2\frac{1}{2}$	36	10	6	16	—	"
ICI (c)	260	26	1	37	—	—	—	274p
ICI (c)	280	14	—	21	5	31	—	"
ICI (c)	300	5	56	14	4	21	—	"
ICI (c)	330	1	22	5	1	15	—	"
Land Sec. (c)	390	10	5	26	—	33	—	362p
Land Sec. (c)	420	3	1	14	52	21	5	"
Land Sec. (c)	460	$\frac{1}{2}$	—	5	29	—	—	"
Mks & Sp (c)	120	$8\frac{1}{2}$	10	16	25	22	—	125p
Mks & Sp (c)	130	4	23	11	—	17	—	"
Mks & Sp (c)	140	$1\frac{1}{2}$	80	6	5	10	—	"
Shell (c)	330	36	10	44	1	—	—	352p
Shell (c)	360	16	1	26	2	36	—	"
Shell (c)	390	8	—	15	3	24	—	"
		August		**November**		**February**		
Barclays (c)	360	52	—	65	25	—	—	401p
Barclays (c)	390	32	—	42	1	55	—	"
Barclays (c)	460	4	70	11	—	—	—	"
Imperial (c)	70	$4\frac{1}{2}$	2	$6\frac{1}{2}$	—	$9\frac{1}{2}$	—	71p
Lasmo (c)	500	60	—	82	1	—	—	524p
Lasmo (c)	550	34	16	55	—	77	—	"
Lasmo (c)	600	20	8	37	—	55	—	"
Lasmo (c)	700	6	8	12	22	—	—	"
Lonrho (c)	90	$9\frac{1}{2}$	48	13	1	$17\frac{1}{2}$	52	95p
Lonrho (c)	100	$4\frac{1}{2}$	23	8	11	$10\frac{1}{2}$	8	"
Lonrho (c)	110	$2\frac{1}{2}$	330	$5\frac{1}{2}$	31	—	—	"
Lonrho (c)	120	$1\frac{1}{2}$	10	—	—	—	—	"
Lonrho (p)	90	$3\frac{1}{2}$	—	5	7	$7\frac{1}{2}$	—	"
Lonrho (p)	100	8	2	10	—	13	—	"
P & O (c)	140	7	9	$11\frac{1}{2}$	2	$14\frac{1}{2}$	—	134p
Racal (c)	360	18	1	34	—	47	—	359p
Racal (c)	390	9	12	20	—	31	1	"
Racal (p)	360	18	51	26	—	29	1	"
RTZ (c)	500	53	2	65	—	80	—	518p
RTZ (c)	550	30	2	43	—	53	1	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	\$475	15	22	16	40	1	58	\$461
GOLD C	\$500	3	11	15	27	12	42	"
GOLD C	\$525	5	7.60	10	18 B	—	—	"
GOLD C	\$550	37	5	10	13	—	—	"
GOLD P	\$450	25	14 A	—	—	6	18	"
GOLD P	\$475	19	21	3	28	—	—	"
GOLD P	\$500	4	38	—	—	—	—	"
GOLD P	\$525	1	63	—	—	—	—	"
		July		**Oct.**		**Jan.**		
ABN C	F.280	—	—	10	13.50	—	—	F.281.50
ABN C	F.300	13	2	15	6.50	—	—	"
AKZO C	F.15	28	9.50	—	—	—	—	F.24.30
AKZO C	F.17.50	—	—	20	7.70	—	—	"
AKZO C	F.20	50	4.50	30	5.60	—	—	"
AKZO C	F.22.50	25	2.50	49	3.60	—	—	"
AKZO C	F.25	60	0.90	134	2.40	17	3.40	"
AKZO P	F.15	15	0.10	—	—	—	—	"
AKZO P	F.20	—	—	11	0.40	—	—	"
AKZO P	F.25	—	—	15	1.60	23	1.90 B	"
AMRO C	F.55	58	0.60	—	—	—	—	F.50.80
HEIN C	F.55	—	—	10	2.80	—	—	F.51.10
HOOG C	F.15	—	—	10	3.50	—	—	F.17.30
HOOG C	F.17.50	—	—	40	1.70	—	—	"
HOOG C	F.20	10	0.40	34	0.90 B	30	1.90	"
HOOG C	F.22.50	—	—	100	0.70	—	—	"
KLM C	F.90	23	51	—	—	—	—	F.141
KLM C	F.110	15	32	—	—	—	—	"
KLM C	F.120	75	25	—	—	—	—	"
KLM C	F.130	53	17.50B	—	—	—	—	"
KLM C	F.140	188	10B	20	16.50A	—	—	"
KLM P	F.120	65	2.50	—	—	—	—	"
KLM P	F.130	77	5.30	14	10.70	—	—	"
KLM P	F.140	55	9.50	12	15.40	—	—	"
NATN C	F.110	22	4	41	7.40	—	—	F.110.50
NATN C	F.115	—	—	19	5.50	—	—	"
NATN C	F.120	29	0.60	27	3.10	—	—	"
NATN C	F.125	—	—	16	1.30	—	—	"
NATN C	F.130	—	—	39	1.10	—	—	"
NATN P	F.110	—	—	15	3	—	—	"
PHIL C	F.20	232	4.20	76	5	90	5.70	F.24.10
PHIL C	F.22.50	550	2.20	283	2.90	58	4	"
PHIL C	F.25	283	1	636	1.80	330	2.80A	"
PHIL P	F.20	—	—	45	0.30	—	—	"
PHIL P	F.25	—	—	90	1.70	65	1.90	"
RD C	F.80	—	—	13	8.10	—	—	F.82.10
RD C	F.90	99	1.40	27	4	—	—	"
RD C	F.95	51	0.70	—	—	—	—	"
RD C	F.100	17	0.40	23	1.50	80	2.80 A	"
RD C	F.110	—	—	12	0.90 A	—	—	"
RD P	F.80	33	2.30	58	4.20	—	—	"
RD P	F.90	53	8	—	—	153	11 B	"
RD P	F.95	24	12.50 B	—	—	—	—	"
RD P	F.100	—	—	—	—	118	20	"
UNIL C	F.150	25	3	—	—	—	—	F.144.80

TOTAL VOLUME IN CONTRACTS 5505

A=Asked B=Bid C=Call P=Put

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stock, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those shares in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. Φ Bargains done previous day. \$A—\$Australian; \$B—\$Bahamian; \$C—\$Canadian; \$HK—\$Hong Kong; \$J—\$Jamaican; \$Ma—\$Malayan; \$Me—\$Mexican; \$NZ—\$New Zealand; \$S—\$Singapore; \$US—\$United States; \$WI—\$West Indian.

BANKS, DISCOUNT (742)

BREWERIES (388)

COMMERCIAL (7,775)

First Castle Electronics Ltd. (10p) 99 100
Firth (G. M.) (Metals) Ltd. (10p) 52 4
Fisher (Albert) Group (5p) 13
Fisons Ltd. (£1) 152 3 5 7
Fitch Lovell Ltd. (20p) 73 4 5 6
Fitzwilton Ltd. (IR£0.25) 45
Flight Refuelling (Hldgs.) Ltd. 320 2 3
Fluor Corp. (US\$0.625) \$34⅝Φ
Fobel International Ltd. (10p) 24 5
Fogarty (E.) & Co. Ltd. (30p) 99 100 1
Folkes (John) Hefo Ltd. (5p) 22
Footwear Industry Investments 53
Ford International Capital Corp. 6pcLn. 83 (2/6). 7¼pcLn. 68½ (3/6)
Ford (Martin) Ltd. (10p) 25 ½
Ford Motor Co. Bdr (1/20th Sh Nat West Bank) 54 (2/6)

Lees (John J.) (10p) 44 (29/5)
Leigh Interests (5p) 172 3 5 8 (3/6). New (5p) (fp) 176
Lennons Grp. (10p) 52 4
Lep Grp. (10p) 325 (3/6)
Lesney Products (5p) 19 ½ 20 1
Letraset (10p) 77 8
Lex (5p) 17¼ 8 ¼ (2/6)
Lex Service Grp. 103 4 5 6 7. 2ndSers. Wrnts. 33 (3/6)
Leyland Paint Wallpaper 38½ 9 ½ 40
Ley's Foundries Eng. 29 (3/6)
Liberty 145 (1/6)
Lilleshall (10p) 45
Lilley (F. J. C.) 158 (3/6)
Lincroft Kilgour Grp. (10p) 26 ½
Linfood Hldgs. 150 1. 12pcLn. 99½ 100

Utd. Carriers (10p) 143Φ
Utd. City Merchants (10p) 24 5
Utd. Eng. Inds. (10p) 222 3 (3/6)
Utd. Gas Inds. 60 1
Utd Guarantee (Hldgs.) (5p) 12 (3/6)
Utd. Newspapers 222 3 4
Utd. Scientific Hldgs. 413 7 22 5
Utd. Spring Steel Grp. (10p) 17 8
Utd. Wire Grp. 46½ (2/6)
Unochrome Inds. (10p) 15 (3/6)
Upton (E.) Sons 32 (3/6). A N.-vtg. 32 (2/6)
Usher-Walker (10p) 61 7
Utico Hldgs. (R1) 130 (2/6)
Valor 68 9 ½ 70
Vantona Grp. (20p) 117 8
Vibroplant Hldgs. 247 50 (29/5)
Vickers (£1) 177 8 9 80 1 2
Victor Prods. (Wallsend) 165
Victoria Carpet Hldgs. 22
Viners (10p) 15½ (2/6)
Vinten Grp. (20p) 250 3 5
Vitatron N (DFl 0.25) 105
Vosper 118Φ

W—Y—Z

W Ribbons Hldgs. (10p) 12 (3/6)
WGI 104 5
Wace Grp. (20p) 22 (29/5)
Waddington (John) 140 2
Wade Potteries (10p) 46 ½ 7½

FINANCIAL TRUSTS (242)

INSURANCE (1,179)

INVESTMENT TRUSTS (434)

Atlantic Assets Trust 254 5 8 9
Atlas Electric and Gen. 87 ½
Bankers Inv. Trust 77
Berry Trust 169 70
Bishopsgate Trust 273
Border and Southern Stockholders Trust 83 ½
Bremar Trust 43½ 4 (3/6)
British American and Gen. 48½ 9
British Assets Trust 102½ 3 4 ½ 5 ¼ ⅝. 5pcSb.Ln. (£1) 182
British Empire sec. and Gen. (5p) 15 3
British Inds. and Gen. Dfd. 150Φ
British Investment Tst. 187 9
Broadstone Inv. Tst. (20p) 209
Brunner Inv. Tst. 80 ¼ (2/6)
C.L.R.P. Inv. Tst 94 5½ (3/6). Wts. to sub. 42½ (3/6)
Cambrian. General Securities 110
Canadian. Foreign Inv. Tst. 149 (3/6)
Capital. National Tst. 169 (3/6)
Capital Gearing Tst 47 (2/6)
Cardinal Inv. Tst Dfd 139 40½ (3/6)
Cedar Inv. Tst. PLC 89½ (3/6). 9pcLn. 132 (3/6)
Channel Islands. Inter Inv. Tst. 234
Charter Tst.. Agency 72½
City. Commercial Inv. Tst. 37 ½. Cap 81 282 3
City. Foreign Inv. 84½ 6 ½
City of Oxford Inv. Tst. PLC 109 ½
Claverhouse Inv. Tst. 141 (2/6)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allied Breweries	$74\frac{1}{2}$	—	ICI	278	−12
Beecham	203	− 3	Lucas Inds.	198	− 8
Blue Circle	466	+ 6	Northern Foods	162	−11
Bowater	264	− 2	Scot. and Newcastle	63	—
Commercial Union	169	− 2	Sun Alliance	846	+12
Eagle Star	280	− 2	Unilever	672	+ 2

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Thur.'s closing price pence	Day's change	Stock	No. of price changes	Thur.'s closing price pence	Day's change
Eagle Star	17	282	+ 4	Beecham	14	206	+ 7
GEC	17	695	+10	Bowater	14	266	+ 9
BP	15	372	+ 2	Glaxo	14	364	+ 8
Hanson Trust	15	284	+10	GRE New	14	48pm	+11
ICI	15	290	+ 6	Stand. Chart.	14	630	+20
Rank Org.	15	192	+10	Distillers	13	217	+ 5
BAT Inds.	14	367	+10	Rckitt. & Clmn.	13	272	+14

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thurs. closing price pence	Change on week	Stock	No. of price changes	Thurs. closing price pence	Change on week
Eagle Star	92	282xd	$+50\frac{1}{2}$	BP	73	372	−12
GRE New	89	48pm	$+22\frac{1}{2}$	Shell Trans.	69	380	−28
RTZ	89	520	−10	Racal Elec.	68	370	+ 3
GEC	87	695	+15	Premier Cons.	65	67	− 4
Beecham	86	206	+14	Comm. Union	62	171	+17
Ultramar	85	447	+ 4	BAT Inds.	61	367	+15
ICI	83	290	—	Courtaulds	61	69	+ 6

UNIT TRUSTS (14)

MINES

Miscellaneous (275)

South African (126)

OIL (736)

PROPERTY (408)

PLANTATIONS (53)

RAILWAYS (5)

SHIPPING (88)

UTILITIES (22)

UNLISTED SECURITIES MARKET (98)

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

Adnams 8 925 (29/5)
Aero Needles 170 5 (1/6)
All England Lawn Tenis Gnd. £50Db 1981-85 £6050 (1/6)
Arsenal FC £150 (1/6)

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

American Oil Field Systems 88
Aran Energy 75 7 8 80 104* 5*
Aran Energy New 82
Atlantic Resources 205 10
Berkeley Exploration and Production 322 3 4 5 6 7
Candecca Resources 176 7 8 9
Steaua Romana (British) 67 8 70 3/16 3
Sun Oil (UK) Oil Royalty 340
Eglington Oil and Gas 140 5 (3/6)

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	12¼	½-year	1,000	1-2
Redbridge (01-478 3020)	13	½-year	200	6-7

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Aid to Thrift	9.20	9.45	—	—
Alliance	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs., 9.50 3 months' notice
Anglia	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Bradford and Bingley	8.25	8.50	9.75	9.25 1 month's notice deposit
Bridgwater	8.25	8.50	10.00	10.50 5 yrs., 9.60 2½ yrs.
Bristol Economic	8.25	9.50	9.75	9.25 3 months' shares. Escalator shares 9.00-10.50 (1-5 years)
Britannia	8.25	8.50	9.75	10.00 5 yrs., 9.50 3 months' notice
Burnley	8.25	8.50	9.75	10.50 5 yrs., 9.50 3 months' notice
Cardiff	8.25	9.50	10.50	—
Catholic	8.25	8.75	9.75	— 8.95 over £5,000
Chelsea	8.25	8.50	9.75	10.50 5 yrs., 9.90 1 yr., 9.55 6 months
Cheltenham and Gloucester	8.25	8.50	9.75	—
Cheltenham and Gloucester	—	9.50	—	— Gold Account. Savings of £1,000 or more (8.50 otherwise)
Citizens Regency	—	8.75	10.00	10.75 5 yrs., 9.75 3 yrs., 9.25 1 yr.
City of London (The)	8.50	8.75	9.60	9.41 9 mth. withdraw., increment sh.
Coventry Economic	8.25	8.50	9.75	10.00 4 yrs., 9.50 3 yrs., 9.25 3 mths.
Coventry Provident	8.25	8.50	10.50	10.55 av. 5 yr., 10.00 4 yr., 9.25 3 mths.
Derbyshire	8.25	8.50	9.75	8.75 to 9.25 3 months
Ealing and Acton	8.25	9.00	—	9.65 2 years, £2,000 minimum
Gateway	8.35	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Gateway	—	9.50	—	— Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.75	10.00	9.50 2 yrs., 9.75 3, 10.25 4, 10.75 5 yrs.
Guardian	8.25	8.75	—	10.00 3 mth., 10.50 6 mth., min. £1,000
Halifax	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Heart of England	8.25	8.50	9.75	— 3 mths. notice 9.25, 5 yrs. 10.50
Hearts of Oak and Enfield	8.25	8.75	10.25	10.00 4 yrs., 9.75 3 yrs., 9.50 2 yrs.
Hendon	8.75	9.25	—	10.25 6 months, 10.00 3 months
Huddersfield and Bradford	8.25	8.50	9.25	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs.
Lambeth	8.25	8.75	10.50	10.75 5 yrs., 10.50 6 mths.
Leamington Spa	8.35	8.50	11.50	10.10 (1 year)
Leeds Permanent	8.25	8.50	9.75	10.50 5 yrs., Optns. fm. 8.75 (6 mths.)
Leicester	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Liverpool	8.25	8.50	9.80	10.50 5 yrs., minimum £1,000
London Grosvenor	8.25	9.00	11.00	9.50 6 months' notice
Melton Mowbray	8.35	8.60	9.75	9.35 2 yrs., 10.10 4 yrs.
Mornington	9.10	9.60	—	—
National Counties	8.50	8.80	9.80	9.50 35 days' notice. Min. dep. £500 6 months 9.90
Nationwide	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.00 1 yr.
Newcastle	8.25	8.50	9.75	10.50 4 yrs., 10.00 3 yrs., 9.50 2 yrs.
New Cross	9.00	9.25	—	9.25-10.00 on share accs., depending on min. balance over 6 mths.
Northern Rock	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Norwich	8.25	8.50	10.00	9.50 3 yrs., 9.25 2 yrs., min. £500
Peckham Mutual	9.25	9.55	—	—
Peckham Permanent	9.00	9.75	11.00	—
Portman	8.25	8.50	9.75	10.50 5 yrs., 9.55 6 months' notice
Portsmouth	8.60	8.80	10.30	10.85 (5 yrs.), 10.25 (6 months)
Property Owners	9.25	9.75	11.20	11.25 4 yrs., 11.00 6 mths., 10.50 3 mth.
Provincial	8.25	8.50	9.75	10.00 3 yrs.
Skipton	8.25	8.50	9.75	10.50 5 yrs., 9.60 wdl. 1 mth. loss int.
Sussex County	8.50	8.75	10.55	11.00-9.50 (6-2 yrs.), 9.25 2 mths. not.
Sussex Mutual	8.50	9.10	10.50	9.25-10.50 all with special options
Town and Country	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Walthamstow	8.25	8.75	9.75	9.75 6 months' notice, min. £1,000
Wessex	8.50	9.25	—	10.25 min. 3 yrs., 6 mth. notice of wdl.
Woolwich	8.25	8.50	9.75	10.50 5 yrs., 8.75 6 mths.

* Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

The Treasury bill rate rose sharply at yesterday's tender to 12.4376 per cent from 11.4452 per cent and the minimum accepted bid fell to £96.89½ from £97.14. Bids at that level were met as to about 78 per cent and above in full. The £100m of bills on offer attracted bids of £132.345m and all bills offered were allotted. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

The current weakness of sterling pushed interest rates firmer. Three-month Sterling CDs rose to 13 1/16 per cent from 12⅝ per cent and three-month eligible bills were quoted at 12 9/16 per cent against 11 11/16 per cent. In the money market day-to-day credit remained in good supply and the authorities mopped up the surplus by selling a large amount of Treasury bills both to discount houses and banks. Houses were paying 6-7 per cent for secured call loans at the start with later balances taken up to 11 per cent. The market was faced with a moderate increase in the note circulation. This was more than offset by a large number of Treasury bills maturing outside official hands and a small excess of Government disbursements over revenue transfers to the Exchequer. In addition banks brought forward balances a small way above target.

In the interbank market weekend money opened at 7-8 per cent and touched a low of 5-6 per cent before coming back in the afternoon to finish at 14-15 per cent.

EXCHANGES AND BULLION

Sterling continued to lose ground in currency markets yesterday, falling to its lowest closing level against the dollar since August 1978. The Bank of England may have intervened from time to time but only in an attempt to smooth out sharp fluctuations. Sterling's index finished at its lowest level since March last year at 93.8 compared with 94.8 on Thursday, having stood at 94.4 at noon and 94.6 in the morning. Against the dollar the pound opened at $1.9400 and had slipped to $1.9250 by noon. It recovered very briefly to $1.9390 but fell back as New York entered the market to $1.91. At the close sterling was quoted at $1.9280-1.9300, a fall of 1.2c from Thursday's close.

Against European currencies the pound was much weaker, closing at DM 4.6475 against the D-mark from DM 4.6850, and FFr 10.9950 compared with FFr 11.03.

The dollar continued to improve, underpinned by a continuing firmer trend in Eurodollar and U.S. domestic rates. However late business saw the U.S. unit finish slightly down against the D-mark and Swiss franc although it was sharply firmer against other currencies. Against the D-mark it finished at DM 2.4095 against DM 2.4150 and SwFr 2.1370 from SwFr 2.1413. It rose against the yen however to Y227.80 from Y226.50 and FFr 5.7050 from FFr 5.68. On Bank of England figures, the dollar's trade weighted index rose to 110.2 from 109.2.

THE POUND SPOT AND FORWARD

June 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9075-1.9425	1.9280-1.9300	1.10-1.20c dis	−7.15	2.60-2.70dis	−5.49
Canada	2.3170-2.3430	2.3270-2.3280	1.40-1.50c dis	−7.47	3.60-3.75dis	−6.31
Nethlnd.	5.20-5.24	5.20-5.22	¾c pm-¼ dis	0.57	1½-½ pm	0.77
Belgium	75.70-76.80	76.15-76.30	25-35c dis	−4.72	70-80 dis	−3.93
Denmark	14.63-14.81	14.68¼-14.68¾	3-4¾ore dis	−3.17	13-14¾ dis	−3.78
Ireland	1.2710-1.2880	1.2715-1.2730	0.30-0.44p dis	−3.49	0.83-1.02dis	−2.91
W. Ger.	4.64-4.70¾	4.64¾-4.65¾	¼pf pm-¼ dis	—	½ pm-par	0.21
Portugal	121.90-123.50	121.95-122.15	60-130c dis	−9.34	165-335 dis	−8.19
Spain	184.10-186.20	184.30-184.60	130-160c dis	−9.43	330-385 dis	−7.75
Italy	2,315-2,342½	2,334½-2,336½	16-18 lire dis	−8.73	51¼-54¼ dis	−9.03
Norway	11.46-11.63	11.51-11.53	⅞ore pm-½ dis	0.26	¾-3½ dis	−0.69
France	10.99-11.09	10.99-11.00	16½-17½c dis	−18.55	32¼-33½dis	−11.96
Sweden	9.81¾-9.96¾	9.85¾-9.87¾	1¾-2¾ore dis	−2.74	7¾-8¾ dis	−3.14
Japan	438-443	439-441	2.15-1.70y pm	5.25	6.35-5.85 pm	5.54
Austria	32.75-33.30	32.95-33.00	9-5gro pm	2.55	11-2 pm	0.79
Switz.	4.11½-4.16½	4.11¾-4.12¾	1¾-¾c pm	1.82	3-2 pm	2.42

Belgian rate is for convertible francs. Financial franc 77.55-77.65. Six-month forward dollar 4.00-4.10c dis, 12-month 5.85-6.05c dis.

GOLD

	June 5		June 4	
Gold Bullion (fine ounce)				
Close	$460-463	(£239½-241)	$459½-462½	(£236¾-238¼)
Opening	$461-464	(£237¾-239¼)	$465-468	(£235½-237)
Morning fixing	$460.25	(£237.610)	$463.75	(£237.638)
Afternoon fixing	$460	(£240.334)	$462.50	(£236.755)
Gold Coins				
Krugerrand	$474½-475½	(£247¾-248¼)	$478-479	(£246-246½)
1/2 Krugerrand	$244½-245½	(£127¾-128¼)	$246-247	(£126¾-127¼)
1/4 Krugerrand	$124½-125½	(£65-65½)	$125½-126½	(£64½-65)
1/10 Krugerrand	$51-52	(£26½-27)	$51½-52½	(£26½-27)
Mapleleaf	$466-468	(£243¼-244¼)	$471-472	(£242½-243)
New Sovereigns	$115½-116¼	(£60¼-60¾)	$116½-117½	(£60-60½)
King Sovereigns	$125-127	(£65-66)	$125-126	(£64-65)
Victoria Sovs.	$125-127	(£65-66)	$125-126	(£64-65)
French 20s	$119-124	(£62-64¾)	$119-125	(£61¼-64¼)
50 pesos Mexico	$572-579	(£298¾-302¼)	$574-581	(£295½-299)
100 Cor. Austria	$443-449	(£231¼-234½)	$446-451	(£229½-232¼)
$20 Eagles	$572-576	(£298½-300¾)	$572-576	(£294½-296½)

EXCHANGE CROSS RATES

June 5	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.929	4.648	440.0	10.995	4.123	5.210	2336.	2.328	76.23
U.S. Dollar	0.518	1.	2.409	228.1	5.700	2.137	2.701	1211.	1.207	39.52
Deutschemark	0.215	0.415	1.	94.67	2.366	0.887	1.121	502.5	0.501	16.40
Japanese Yen 1,000	2.273	4.384	10.56	1000.	24.99	9.369	11.84	5308.	5.290	173.2
French Franc 10	0.910	1.754	4.227	400.2	10.	5.749	4.739	2124.	2.117	69.33
Swiss Franc	0.243	0.468	1.127	106.7	2.667	1.	1.264	566.5	0.565	18.49
Dutch Guilder	0.192	0.370	0.892	84.45	2.110	0.791	1.	448.3	0.447	14.63
Italian Lira 1,000	0.428	0.826	1.990	188.4	4.708	1.765	2.231	1000.	0.997	32.64
Canadian Dollar	0.430	0.828	1.997	189.0	4.724	1.771	2.238	1003.	1.	32.75
Belgian Franc 100	1.312	2.531	6.097	577.2	14.43	5.408	6.835	3064.	3.053	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¾-11⅞	19¾-20	20-21	11⅛-11½	5¾-6¼	11⅛-11⅝	23-33	18-20	14-16	6¾-7¼
7 days' notice	11¼-11¾	19⅝-19⅞	20-21	11⅝-11⅞	5½-6	11⅞-12⅛	29-33	20¾-22¾	14-16	6⅞-7⅛
Month	12¼-12⅜	19⅜-19⅝	19½-19⅞	12-12⅛	9¾-9⅞	12 1/16-12 3/16	30-33	21¾-22¾	16¾-17½	7¼-7½
Three months	13 1/16-13 3/16	18⅝-18⅞	19⅛-19½	12 1/16-12 3/16	10 1/16-10 3/16	12 15/16-13 1/16	24-27	22-22¾	17-17¾	7 7/16-7 9/16
Six months	13½-13⅝	17⅝-17⅞	18⅛-18½	12 1/16-12 3/16	10½-10⅝	13 1/16-13 3/16	22-24	22-22¾	16¾-17½	7¾-8
One Year	13½-13¾	16¾-17	16⅞-17¼	12⅜-12 7/16	9 5/16-9 11/16	13 1/16-13 3/16	19½-21½	21¼-22¼	16-16¾	8⅜-8⅝

SDR linked deposits: one-month 17 9/16-17 13/16 per cent; three-months 16 5/16-16 9/16 per cent; six-months 15½-15⅞ per cent; one-year 14¾-15⅛ per cent.

ECU linked deposits: one-month 17 5/16-17 9/16 per cent; three-months 16⅝-16⅞ per cent; six-months 15 13/16-16 1/16 per cent; one-year 15 3/16-15 7/16 per cent.

Asian $ (closing rates in Singapore): one-month 19-19⅛ per cent; three months 18 7/16-18 9/16 per cent; six-months 17½-17⅝ per cent; one-year 16⅜-16⅝ per cent. Long-term Eurodollar two years 16-16½ per cent; three years 16-16¼ per cent; four years 15⅞-16⅛ per cent; five years 15⅞-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.00-19.10 per cent; three-months 18.30-18.40 per cent; six-months 17.20-17.30 per cent; one-year 16.30-16.40 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 5)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/8	offer 18 3/4	bid 17 5/8	offer 17 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

June 5 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-15	8-10½	—	—	8-11	6-11	—	—	—
2 days notice	—	—	11-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9½-10¼	11⅛-12¾	—	11⅛	10½-11¼	9-10	—	—	—
One month	12¼-12⅛	11⅞-12⅜	11⅞-12⅛	13½-13⅛	12 1/16	12⅜-12¾	11⅛	12¼-12½	11¾-11⅞	12⅛
Two months	12 7/16-12½	12⅛-12¾	—	13⅝-13¼	12 11/16	13[illegible]	11⅞	12⅜-12½	12 1/16-12⅜	12¾
Three months	13⅛-13	12⅞-13⅛	12⅝-12¾	13⅝-13¼	13⅛	13¼	12	12½	12⅝-12 11/16	12⅛
Six months	13 5/16-13⅛	13 1/16-13⅛	12⅞	13¾-13⅜	13 9/16	13⅞	—	—	12⅝-12⅝	12
Nine months	13⅛-13 5/16	13⅛-13⅝	—	13¾-13⅜	13¾	13⅞	—	—	—	—
One year	13⅝-13¼	13¼-13¾	12⅞-13¼	13⅝-13¼	13 9/16	13¾	—	—	—	—
Two years	—	—	13½-13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 13⅞-14 per cent; five years 13⅞-14 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 7/16-12⅝ per cent; four-months trade bills 12⅞ per cent.

Approximate selling rate for one-month Treasury bills 12-12⅛ per cent; two-months 12⅛-12⅜ per cent; three-months 12¼-12⅜ per cent. Approximate selling rate for one-month bank bills 11⅝-11¾ per cent; two-months 12-12⅛ per cent; three-months 12 7/16-12 9/16 per cent; one-month trade bills 12¾ per cent; two-months 12½ per cent and three-months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.4376.

CURRENCY MOVEMENTS

June 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	93.8	−30.4
U.S. dollar	110.2	+3.4
Canadian dollar	87.8	−17.5
Austrian schilling	111.0	+21.7
Belgian franc	105.2	+9.3
Danish kroner	85.1	−12.3
Deutsche mark	116.2	+38.2
Swiss franc	132.3	+77.9
Guilder	107.7	+13.7
French franc	82.9	−11.3
Lira	57.1	−55.9
Yen	141.7	+36.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3493	+1.35	+1.35	±1.5361
Danish Krone	7.91917	7.98189	+0.79	+0.79	±1.6413
German D-Mark	2.54502	2.53259	−0.49	−0.49	±1.1386
French Franc	5.99526	6.00092	+0.09	+0.09	±1.3638
Dutch Guilder	2.81318	2.81846	+0.19	+0.19	±1.5159
Irish Punt	0.685145	0.692893	+1.13	+1.13	±1.6688
Italian Lira	1262.92	1262.64	−0.02	−0.02	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

June 5	£	$		£ Note Rates
Argentina Peso	8205-8225	4285-4295	Austria	32.90-33.25
Australia Dollar	1.6980-1.7020	0.8875-0.8880	Belgium	77.30-78.10
Brazil Cruzeiro	164.60-165.60	85.80-86.23	Denmark	14.68-14.83
Finland Markka	8.59-8.61	4.4900-4.4920	France	11.04-11.14
Greek Drachma	112.844-115.708	59.05-59.25	Germany	4.67-4.71
Hong Kong Dollar	10.58-10.60	5.5300-5.5350	Italy	2280-2330
Iran Rial	159.60*	79.25*	Japan	439-445
Kuwait Dinar (KD)	0.539-0.545	0.2804-0.2809	Netherlands	5.19-5.22
Luxembourg Frc.	76.15-76.30	39.49-39.51	Norway	11.56-11.66
Malaysia Dollar	4.55-4.55	2.3695-2.3715	Portugal	120-124
New Zealand Dlr.	2.2515-2.2565	1.1765-1.1775	Spain	178-189½
Saudi Arab. Riyal	6.53-6.59	3.3910-3.3960	Sweden	9.90-10.00
Singapore Dollar	4.1450-4.1550	2.1675-2.1695	Switzerland	4.12-4.16
Sth African Rand	1.6820-1.6860	0.8720-0.8740	United States	1.91½-1.93
U.A.E. Dirham	7.05-7.09	3.6710-3.6760	Yugoslavia	73-84

Rate given for Argentina is free rate. * Selling rate.

U.K. CONVERTIBLE STOCKS 6/6/81

Statistics provided by dataSTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates♧	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.71	308.00	333.3	80-97	3.9	1.1	1.0	−4 to 1	18.6	87.1	22.5	+21.5
Hanson Trust 6½pc Cv. 88-93	3.02	156.00	57.1	76-82	4.2		−3.5	−7 to 0	7.3	3.1	−2.6	+ 1.0
Slough Estates 10pc Cv. 87-90	5.31	258.00	187.5	78-85	3.9		−1.0	−4 to 1	29.2	32.8	1.4	+ 2.4
Slough Estates 8pc Cv. 91-94	24.88	123.00	78.0	80-91	6.7	5.4	13.4	9 to 19	28.8	48.8	18.5	+ 5.1

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ♧ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

LONDON STOCK EXCHANGE

Gilts weaken afresh on currency worries and equity leaders follow—30-share index 9.3 off at 546.3

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22
June 15	June 25	June 26	July 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

The possible repercussions from the continuing slide in sterling remained the major factor in London stock markets as the first leg of the Account drew to a close yesterday. British Funds weakened afresh and the tone in the equity sectors turned easier after the previous day's burst of buying enthusiasm for exporting companies and dollar earners.

Apart from inflationary fears and concern about interest rates, sentiment in British Funds was further dampened by the breakdown in the Civil Service pay talks. Mediums and longs opened ½ lower on overnight selling and, with fresh offerings finding the market unwilling, losses were extended to 1¼ by the close. Short-dated stocks recorded falls to ¾ and the government securities index closed 1.11 down at 64.94 for a fall of 2.90 over the last four trading days.

Worries about interest rates eventually spilt over into the equity sectors. After a reasonably steady start, leading industrials turned dull with the tone becoming increasingly unsettled in the late trade. Down only 0.5 at the 1 pm calculation, the FT 30-share index fell away to close with a fall of 9.3 at 546.3 to reduce its net rise on the week to 3.8.

Among the sectors, Properties weakened on continuing fears of dearer money while Oils recorded above-average falls with sentiment again affected by the pressure to reduce North Sea oil prices. Insurances enjoyed another active trading session, but eventually ran into profit-taking after the recent strong advance.

An increased trade in the underlying securities resulted in a total of 1,781 deals being arranged in Traded options. The week's daily average amounted to 1,158. Most of yesterday's activity centred on calls which recorded 1,677 trades; **Lonrho** were well to the fore with 514 contracts completed, 330 of which were struck in the August 110's. **Commercial Union** remained in demand with 239 deals, while **Marks and Spencer** attracted 143.

Mexican Fund, a vehicle for foreign investors, staged a successful market debut; from an opening level of 615p, the shares advanced to 630p in brisk trading.

Sun Alliance up

Insurances passed another extremely active session but succumbed to profit-taking and closed easier for choice. **Sun Alliance** rose 12 to 846p, after 868p, on asset value considerations. Still reflecting the board's defence against the Allianz tender offer at up to 290p per share, **Eagle Star** touched 286p before closing a net 2 easier on the day at 280p but still up 50 on the week. Lloyds brokers reacted after Thursday's marked strength. **Willis Faber** lost 7 at 346p, **C. E. Heath** 6 to 266p, and **Hogg Robinson** gave up 5 at 123p. **Hambro** lost 9 to 381p among dull Life issues.

The major clearers moved with the general dull trend. **Lloyds** fell 8 to 342p and **Midland** 3 to 322p. In sympathy with weak gilts, **Cater Ryder** softened 3 to 340p as did **Gerrard and National**, to 287p. Australian banks returned to favour as **ANZ** put on 10 to 295p. **Commercial Bank of Australia**, 395p, and **Bank of New South Wales**, 178p, rose 7 and 6 respectively on the announcement that merger proposals have been implemented.

Much better-than-expected preliminary earnings from **Allied Breweries** prompted good support for leading Breweries, but the easier market trend later in the day left most around overnight levels. Allied encountered an active two-way trade and touched a 1981 peak of 79½p before reverting to the opening level of 74½p, while **Bass** closed only a penny to the good at 245p, after 251p. **Scottish and Newcastle** were also active and touched 66½p before ending unchanged at 63p. Wines and Spirits were generally subdued with the notable exception of **Distillers** which rose to 223p before a close of 217p, unaltered on the day.

Responding to revived investment demand, **Blue Circle** touched 472p before closing 6 up at 466p. Other leading issues, steady for most of the session, encountered late selling and closed easier for choice. Fears of higher interest rates left **Barratt Developments** 4 down at 216p, but **Wettern Brothers**, a dull market since the poor results, rallied 3 to 58p. On the bid front, **Tunnel B** hardened a penny to 441p: T. W. Ward's offer closes on Monday. On Thursday, RTZ increased its stake in Tunnel to 10.3 per cent of the B shares and 7.3 per cent of the votes.

ICI encountered persistent small selling and dipped to 274p before closing 12 down at 278p. Among other Chemicals, **Leigh Interests** dropped 14 to 158p following the chairman's cautious remarks on current trading but **Novo Industries B** came in for further support and rose 6¼ points for a gain on the week of 19½ to £105½.

N. Brown please

Trading close to the overnight levels for most of the session, leading Stores were marked sharply lower after the "House" close. **Gussies A** shed 12 to 460p. A fall of 5 were seen in **Debenhams**, 102p, while **Marks and Spencer** eased 4 to 124p. Secondary counters also trended lower, although isolated firm spots emerged. **Polly Peck** continued to attract support and closed 13 better at 273p; **Cornell Dresses**, 143p, and **Wearwell**, 92p, added 10 and 2 respectively, while **N. Brown Investments** jumped 11½ to 66½p, the last-mentioned following the 40 per cent increase in annual profits. **Comet Radiovision** met fresh selling on the interim results and declined 4 for a fall on the week of 19 at 142p.

Leading Electricals retreated sharply after a bright start and closed at the day's lowest. **GEC** finished 15 down at 680p, after 698p. **Thorn EMI** lost 14 to 388p, **Racal** 11 to 359p, **Plessey** 9 to 311p and **Philips Lamps** 10 to 465p. Firm earlier this week on the Government's decision to raise British Telecom's external financing limits by £200m, **Standard Telephones and Cables** shed 7 to 518p and **Farnell** cheapened 15 to 495p on profit-taking. By way of contrast, **Lec Refrigeration** rose 6 to 198p following Press comment.

Features were hard to find in a quiet Engineering sector, but **Haden Carrier** were notable for a rise of 14 at 382p as the market awaited news from the AGM, while **Staveley Industries** added 6 to 242p on buying ahead of Thursday's preliminary results.

Northern Foods shed 11 to 162p after comment on the interim results. Other Foods encountered sporadic selling. **British Sugar** gave up 6 to 322p, now well below S. and W. Berisford's offer worth 335p per share; the latter also shed 6, to 121p.

Savoy A held at 188p and the B at £11; Trusthouse Forte's 190p per share bid has been further extended until June 19: TF yesterday announced acceptances to 59.6 per cent of the Savoy equity and 37.3 per cent of the votes.

Myson jump on bid

Miscellaneous industrial leaders ended the week on a depressed note in sympathy with a fresh decline of gilts on interest rate fears. **Glaxo** shed 8 to 356p and **Boots** 7 to 218p. Comment on the results and further consideration of the approval to market its Augmentin drug saw **Beecham** improve initially to 209p before a close of 203p, down 3. Elsewhere, **Myson** returned and closed 20 up on the suspended level at 68p thus matching the 65p, terms of the consortium bid. **Foseco Minsep** put on 7 to 233p on an investment recommendation and **Avon Rubber** rose 6 to 105p, after 109p, on revived speculative support following poor interim figures. Far-Eastern influences prompted a rise of 13 to 75p in **Stelux Manufacturing** and a jump of 6½ to 78½p in **Wheelock Marden**, 78½p. Profit-taking in the absence of bid developments left **Cawoods** 22 off at 212p, while **Dobson Park** fell 6 to 100p after disappointing first-half results. **Hanson Trust** gave up 9 to 275p ahead of Wednesday's interim figures. **ICL** fell 3 to 37p on the heavy redundancies and the warning of significant losses. **Carlton Industries** dipped 20 to 245p and **Hoover A** cheapened 7 to 138p.

The prospect of labour unrest prompted marked weakness in **Lucas** which fell 8 to 198p. Elsewhere among Motor Components, **Dunlop** eased 4 to 80p. **Flight Refuelling**, which announced a £5.15m rights issue on Thursday, eased 6 to 320p.

Transparent Paper continued to attract call option money and firmed 3 for a gain on the week of 12 at 44p. Renewed speculative support lifted **Mills and Allen** 11 to 448p, but the announcement of sharply lower full-time profits left **Delyn** 2 down at 10p.

Oils weak

Dearer money fears continued to have a detrimental effect on Properties which were subjected to a fair amount of selling. **Land Securities**, 378p, and **MEPC**, 218p, registered falls of 9, while **Stock Conversion** came on offer and shed 13 to 342p. Against the trend, **Phoenix Mining and Finance** attracted speculative support and gained 7 to 68p, while **Daejan** touched 186p before closing 4 up at 180p.

Oils encountered fresh selling on concern about the possibility of a cut in North Sea prices. **British Petroleum**, following comment on the first-quarter statement, lost 12 to 360p. **Lasmo** remained on offer and shed 26 for a two-day drop of 43 to 520p, while **Tricentrol** gave up 6 to 214p and **Ultramar** 10 to 437p. **Sovereign** relinquished 30 to 290p following a drilling report, while **I C Gas** lost 13 to 190p. Among the occasional bright spots, **British Borneo** firmed 8 to 284p following Press comment, while **Global Natural Resources** advanced 25 for a two-day gain of 115 to 825p on exchange rate influences.

Warren Plantations stood out in Overseas Traders, rising 13 to 215p in front of Monday's preliminary results.

Golds down again

South African Golds fell to their lowest levels for almost a month as the bullion price remained around the $460 level and the Financial Rand lost further ground.

The market drifted lower during the morning, staged a minor rally around mid-day but failed to attract any substantial support in the afternoon when prices fell back to close only a shade below the overnight levels.

In the heavyweights, **Buffelsfontein** continued to reflect the better-than-expected final dividend declared on Wednesday an advanced ½ to £19½. **Stilfontein**, which announced its interim on the same day, rose 18 to 914p but **West Rand Consolidated** dropped 17 to 157p following the reduced interim payment.

In South African Financials, **Middle Wits** weakened 30 to 660p; the final dividend was announced after market hours on Thursday.

Renewed weakness in sterling prompted further gains in Australians although the leaders tended to ease in the late trading on profit-taking. **Mount Lyell** put on 10 to a year's high of 120p.

Central Pacific Minerals hardened 2 to 100p but remained 40 lower over the week following substantial selling in domestic markets earlier in the week.

FINANCIAL TIMES STOCK INDICES

	June 5	June 4	June 3	June 2	June 1	May 29	A year ago
Government Secs.	64.94	66.05	67.19	67.27	67.84	67.67	67.73
Fixed Interest	67.25	67.72	68.52	68.74	68.81	68.77	68.42
Industrial Ord.	546.3	555.6	546.7	547.0	549.2	543.5	428.5
Gold Mines	352.8	353.4	355.6	355.8	357.2	356.9	333.7
Ord. Div. Yield	5.92	5.82	6.01	6.00	5.99	6.06	8.37
Earnings, Yld. % (full)	11.80	11.57	11.76	11.55	11.52	11.68	20.18
P/E Ratio (net) (*)	10.57	10.78	10.60	10.84	10.87	10.73	6.03
Total bargains	20,546	19,127	18,286	19,407	19,564	20,213	17,755
Equity turnover £m.	—	159.89	130.47	93.84	247.43	142.57	96.18
Equity bargains	—	15,181	14,212	15,427	15,658	17,451	12,661

10 am 555.1. 11 am 555.0. Noon 555.2. 1 pm 555.1.
2 pm 552.5. 3 pm 550 5.
Latest Index 01-246 8026.
*Nil=9.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	67.25 (5/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (28/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 4	June 3
—Daily		
Gilt Edged Bargains	163.4	152.7
Equities Bargains	98.4	92.1
Value	323.2	265.7
5-day Avrge.		
Gilt Edged Bargains	161.2	160.8
Equities Bargains	101.0	101.4
Value	333.6	317.4

NEW HIGHS AND LOWS FOR 1981

The following quotation in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (136)

AMERICANS (35)
CANADIANS (9)
BANKS (4)
BEERS (2)
BUILDINGS (3)
CHEMICALS (3)
DRAPERY & STORES (6)
ELECTRICALS (3)
ENGINEERING (5)
FOODS (4)
INDUSTRIALS (25)
INSURANCE (4)
LEISURE (1)
MOTORS (3)
PAPER (4)
PROPERTY (4)
SHIPPING (1)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (9)
OIL & GAS (1)
MINES (6)

NEW LOWS (109)

BRITISH FUNDS (62)
CORPORATION LOANS (7)
COMMONWEALTH & AFRICAN LOANS (2)
LOANS (1)
FOREIGN BONDS (5)
CANADIANS (1)
BANKS (4)
CHEMICALS (1)
ELECTRICALS (2)
HOTELS (1)
INDUSTRIALS (1)
LEISURE (1)
PAPER (1)
PROPERTY (4)
TEXTILES (1)
TRUSTS (3)
OIL & GAS (11)
MINES (1)

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	1	93	2	89	333	58
Corporations, Dom. and Foreign Bonds	2	26	39	32	94	211
Industrials	210	298	859	1,380	1,065	4,398
Financial and Props.	85	121	288	598	380	1,502
Oils	16	42	28	107	184	139
Plantations	2	4	17	25	21	69
Mines	57	30	79	231	218	381
Others	76	31	74	382	170	353
Totals	449	645	1,386	2,634	2,465	7,111

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., June 5, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs. June 4 Index No.	Wed. June 3 Index No.	Tues. June 2 Index No.	Mon. June 1 Index No.	Year ago (approx.) Index No.	1981 High	1981 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	345.30	−1.0	10.98	4.54	11.23	348.78	346.09	345.59	344.45	229.02	364.69 (24/4)	272.28 (15/1)	364.69 (24/4/81)	50.71 (13/12/74)
2	Building Materials (25)	301.33	−0.2	14.90	5.82	8.03	301.81	301.51	301.37	302.08	226.72	334.34 (1/5)	236.82 (13/1)	334.34 (1/5/81)	44.27 (11/12/74)
3	Contracting, Construction (28)	570.23	−0.4	16.29	4.94	7.19	572.31	577.15	577.58	572.34	343.13	610.27 (30/4)	403.39 (8/1)	610.27 (30/4/81)	71.48 (2/12/74)
4	Electricals (28)	1072.40	−2.0	8.08	2.45	15.39	1094.33	1081.23	1081.54	1074.85	606.88	1127.15 (22/4)	888.13 (15/1)	1127.15 (22/4/81)	84.71 (25/6/62)
5	Engineering Contractors (11)	489.99	+0.2	12.24	5.51	9.83	489.06	488.01	486.54	486.03	276.36	512.20 (30/4)	374.44 (20/1)	512.20 (30/4/81)	64.39 (2/1/75)
6	Mechanical Engineering (70)	212.89	−0.9	13.35	5.73	9.35	214.84	213.00	212.50	212.15	152.51	230.26 (24/4)	162.47 (15/1)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	163.36	−0.6	9.65	7.30	13.51	164.28	163.81	162.92	163.69	150.60	182.17 (1/5)	127.24 (14/1)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	103.31	−1.9	4.74	7.05	53.60	105.35	105.26	105.25	105.76	95.55	112.76 (1/5)	84.67 (23/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	379.38	+0.5	10.50	5.27	11.44	377.42	371.14	368.76	366.45	0.00	394.56 (24/4)	277.55 (15/1)	394.56 (24/4/81)	277.55 (15/1/81)
21	CONSUMER GROUP (195)	281.34	−1.3	12.90	5.68	9.48	285.03	281.53	280.23	279.12	212.72	294.75 (30/4)	227.50 (14/1)	294.75 (30/4/81)	61.41 (13/12/74)
22	Brewers and Distillers (20)	314.59	−0.4	14.74	6.04	8.06	315.92	313.04	310.95	309.37	269.44	322.09 (1/5)	244.42 (13/1)	322.09 (1/5/81)	69.47 (13/12/74)
25	Food Manufacturing (21)	257.29	−0.8	15.01	6.37	8.04	259.41	253.22	251.65	250.61	189.59	269.21 (1/5)	204.17 (14/1)	269.21 (1/5/81)	59.67 (11/12/74)
26	Food Retailing (14)	522.40	−0.8	9.54	3.37	12.45	526.41	522.77	519.11	517.96	306.99	556.21 (1/5)	440.89 (11/3)	556.21 (1/5/81)	54.25 (11/12/74)
27	Health and Household Products (7)	322.77	−1.1	8.58	4.53	13.88	326.22	316.70	307.84	307.92	195.82	326.22 (4/6)	245.38 (14/1)	326.22 (4/6/81)	175.38 (28/5/80)
29	Leisure (22)	427.95	−2.1	11.80	5.15	10.28	437.16	433.98	432.70	429.35	304.07	448.77 (1/5)	327.38 (16/1)	448.77 (1/5/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	514.00	−0.5	11.56	5.52	12.20	516.33	517.70	515.71	513.28	408.01	526.15 (11/5)	419.04 (15/1)	526.15 (11/5/81)	55.08 (6/1/75)
33	Packaging and Paper (13)	151.14	−0.3	16.35	7.60	7.22	151.56	148.42	149.39	147.07	124.93	161.79 (1/5)	108.85 (14/1)	161.79 (1/5/81)	43.46 ([illegible]/1/75)
34	Stores (44)	266.66	−2.5	10.98	4.96	12.16	273.44	273.81	274.47	273.65	206.49	294.06 (30/4)	238.15 (15/1)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	160.04	−1.5	8.75	5.66	15.13	162.46	158.22	158.11	156.94	116.89	172.84 (30/4)	122.37 (19/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	263.53	−0.6	21.95	9.42	5.23	265.12	258.60	258.59	257.10	202.42	265.71 (30/4)	193.57 (19/1)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (16)	300.27	−0.8	10.05	6.32	13.65	302.74	301.14	301.20	302.30	0.00	311.40 (1/5)	231.28 (4/2)	311.40 (1/5/81)	231.28 (4/2/81)
41	OTHER GROUPS (79)	229.47	−1.7	13.44	6.59	9.05	233.36	230.46	230.90	230.38	201.12	249.19 (30/4)	203.40 (13/3)	249.19 (30/4/81)	58.63 (6/1/75)
42	Chemicals (15)	282.08	−2.7	11.54	7.36	10.83	289.89	285.05	286.63	287.81	293.25	320.04 (30/4)	235.35 (13/3)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	116.08	−1.8	15.90	7.21	7.42	118.19	113.92	113.39	112.75	105.08	129.79 (22/4)	93.19 (14/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	568.32	—	16.07	6.37	7.45	568.16	565.21	565.31	561.18	512.74	644.76 (24/4)	518.82 (15/1)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (45)	299.64	−1.1	13.98	5.66	8.62	302.96	301.67	301.73	299.69	243.09	308.77 (1/5)	249.71 (19/1)	308.77 (1/5/81)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (488)	296.09	−1.2	12.25	5.37	10.00	299.77	296.60	295.83	294.79	220.20	312.53 (30/4)	241.24 (15/1)	312.53 (30/4/81)	59.01 (13/12/74)
51	Oils (12)	749.90	−2.8	23.77	7.50	4.66	771.78	770.41	791.32	799.16	787.22	923.71 (2/1)	749.90 (5/6)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	332.62	−1.5	14.21	5.73	8.37	337.70	334.64	334.74	335.12	264.81	352.08 (1/5)	290.43 (14/1)	352.08 (1/5/81)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	253.29	−1.3	—	5.76	—	256.65	253.59	251.11	249.00	198.55	264.63 (24/4)	227.09 (19/1)	264.63 (24/4/81)	55.88 (13/12/74)
62	Banks (6)	250.12	−1.0	36.53	7.25	3.19	252.59	250.85	249.30	247.47	215.82	267.33 (24/4)	220.84 (11/3)	288.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	279.46	−0.9	—	8.07	—	281.98	281.98	282.87	282.87	247.41	314.03 (20/3)	279.46 (5/6)	314.03 (20/3/81)	81.40 (10/12/74)
64	Hire Purchase (3)	257.49	−1.6	12.72	7.06	11.00	261.55	264.78	264.36	267.47	200.79	274.53 (25/3)	194.82 (8/1)	433.74 (4/5/72)	38.83 (11/12/74)
65	Insurance (Life) (10)	258.02	−2.3	—	5.86	—	264.03	260.43	254.51	250.12	189.68	274.72 (2/4)	222.74 (7/1)	274.72 (2/4/81)	44.88 (2/1/75)
66	Insurance (Composite) (9)	165.78	−0.9	—	7.68	—	167.37	162.00	159.86	157.78	126.87	172.74 (9/4)	142.06 (19/1)	183.32 (16/9/60)	43.96 (13/12/74)
67	Insurance Brokers (8)	400.67	−2.2	10.98	5.79	12.53	409.64	380.74	375.94	368.16	299.11	409.64 (4/6)	294.21 (20/1)	409.64 (4/6/81)	65.86 (16/12/74)
68	Merchant Banks (13)	166.26	−0.7	—	4.81	—	167.45	166.26	165.01	163.60	106.96	167.45 (4/6)	143.07 (20/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (49)	466.50	−1.7	3.79	2.96	36.33	474.62	480.16	477.48	476.84	373.17	517.77 (2/4)	435.73 (16/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Miscellaneous (10)	175.49	+0.1	18.01	5.90	6.74	175.32	171.81	170.12	168.62	126.63	180.91 (2/3)	165.30 (19/1)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	306.64	+0.1	—	5.12	—	306.19	304.23	304.56	302.63	219.95	318.10 (24/4)	271.01 (23/1)	318.10 (24/4/81)	71.63 (13/12/74)
81	Mining Finance (3)	252.97	−1.0	13.55	5.30	8.65	255.61	257.66	261.20	257.13	191.82	270.39 (19/5)	200.76 (6/2)	277.15 (30/10/80)	66.31 (30/9/74)
91	Overseas Traders (20)	460.87	−0.3	10.89	6.45	11.49	462.47	462.89	470.40	473.22	369.00	488.51 (18/5)	420.28 (14/1)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	316.49	−1.3	—	5.70	—	320.76	317.96	317.73	317.31	249.28	332.77 (1/5)	278.20 (14/1)	352.77 (1/5/81)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri. June 5	Day's change %	Thurs. June 4	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.57	−0.48	107.08	—	4.58
2	5-15 years	104.67	−1.14	105.87	—	4.78
3	Over 15 years	107.60	−1.28	109.00	—	4.93
4	Irredeemables	116.93	−1.77	119.05	—	6.46
5	All stocks	105.90	−0.99	106.96	—	4.75
6	Debentures & Loans	83.34	−0.36	83.64	—	4.89
7	Preference	63.84	−1.39	64.74	—	3.29

	AVERAGE GROSS REDEMPTION YIELDS		Fri. June 5	Thurs. June 4	Year ago (approx.)	1981 Highs	1981 Lows
	British Government						
1	Low	5 years	12.53	12.31	12.17	12.53 (5/6)	11.20 (20/3)
2	Coupons	15 years	13.15	12.97	12.13	13.15 (5/6)	11.86 (20/3)
3		25 years	13.27	13.04	12.13	13.27 (5/6)	11.88 (6/1)
4	Medium	5 years	14.65	14.34	13.91	14.65 (5/6)	12.91 (20/3)
5	Coupons	15 years	14.99	14.77	13.84	14.99 (5/6)	13.32 (20/3)
6		25 years	14.58	14.38	13.70	14.58 (5/6)	13.03 (20/3)
7	High	5 years	14.64	14.34	14.05	14.64 (5/6)	12.93 (20/3)
8	Coupons	15 years	15.19	14.98	14.15	15.19 (5/6)	13.54 (20/3)
9		25 years	14.73	14.48	14.05	14.73 (5/6)	13.15 (20/3)
10	Irredeemables †		12.59	12.35	11.49	12.59 (5/6)	11.35 (20/3)
11	Debs & Loans	5 years	15.38	15.26	14.62	15.38 (5/6)	13.80 (27/3)
12		15 years	15.39	15.32	14.56	15.39 (5/6)	14.16 (27/3)
13		25 years	15.39	15.32	14.49	15.39 (5/6)	14.25 (27/3)
14	Preference †		15.56	15.32	15.78	15.56 (5/6)	14.29 (27/3)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26½p.

CONSTITUENT CHANGE: Lloyds and Scottish (Hire Purchase) has been deleted and replaced by Allied London Properties (Property).

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amr. Gth. Tst.	64.8	69.7	+1.1	2.08
Abbey Capital	51.2	55.3	−0.2	3.98
Abbey General	59.7	64.5	.....	4.76
Abbey Gilt & F.I. Tst.	99.6	104.8xd	−1.0	12.50
Abbey Income	39.4	42.6	.....	8.24
Abbey W'w.Bd.Tst.	93.9	99.4xd	+0.5	6.74
Abbey Inv. Tst. Fd.	53.3	57.6	+0.2	4.17
Equitas Prog. Tst.	84.9	91.8xd	+0.3	4.46

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	82.9	87.4xd	.....	13.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	95.1	101.8	−0.2	5.50
Brit. Inds. Fund	80.8	86.5xd	.....	5.90
Growth & Income	55.3	59.2	−0.1	4.22
Elect. & Ind. Dev.	47.7	51.0	−0.1	4.90
Allied Capital	103.0	110.2	+0.2	3.99
Hambro Fund	138.7	148.4xd	−0.2	5.60
Hambro Acc. Fund	194.5	208.1	+0.1	3.94
Income Funds				
High Yield Fd.	72.6	77.7	+0.2	7.72
High Income	86.3	92.3	+0.2	6.95
Equity Income Fd.	49.7	53.2	.....	6.86
Govt. Secs.	23.9	24.5xd	−0.2	12.65
International Funds				
International	39.5	42.3	+0.4	1.96
Japan Fund	28.5	30.5	+0.1	0.21
Pacific Fund	79.3	84.9	+1.2	0.74
Secs. Of America	89.0	95.2xd	+1.1	1.68
Specialist Funds				
Smaller Co.'s Fd.	61.4	65.7	−0.1	3.96
2nd Smlr. Co's Fd.	75.7	81.0	+0.1	3.70
Recovery	29.5	33.6xd	.....	4.46
Met. Min. & C'dty.	69.9	74.8	.....	4.91
Overseas Earnings	73.1	78.2xd	−1.6	4.72
Exempt Funds				
Income Exempt	57.0	59.8	+0.3	7.11
Far East Exempt	82.4	85.7xd	+1.1	0.88
Smaller Co. Exempt	98.2	103.0	.....	3.83
U.S.A. Exempt	145.8	151.6	+1.6	2.04

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	38.4	41.9	+0.2	10.87
North American	74.8	80.8	+0.8	2.49
Canadian Exempt*	76.3	80.7xd	.....	2.82
Canadian Trust	74.8	80.8xd	+0.8	2.17
Mid Mount High Inc.*	50.0	52.9	.....	9.10
Recovery	59.5	65.1	−0.2	6.60
Gilt Trust	40.1	42.0xd	−0.2	13.74

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226-4931

Cres. Amer. Fd.	50.6	54.6	+0.8	0.46
Cres. Internat'l.	95.0	102.6	+2.4	1.52
Cres. High. Dist.	45.7	49.3xd	+0.2	9.63
Cres. Reserves	53.3	57.9	.....	5.10
Cres. Tokyo	39.3	42.4	.....	0.38

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1xd	.....	8.49

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. May 29	258.9	276.1xd	.....	4.83

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0	.....	7.48
Gt. Winchester O'seas	30.5	33.0	.....	2.98

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	96.4	101.4	+0.3	4.28

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	47.3	50.9	+0.7	0.45
Amer. Spec. Sits. (z)	33.9	36.5xd	+0.3	0.15
Gilt + Fixed Int.	23.4	24.6	−0.3	13.00
Growth + Income	35.1	37.8xd	−0.6	6.73
Maximum Inc. Eq. Tst.	30.5	32.9xd	+0.1	7.97
Special Sits.	44.1	47.5	−0.1	1.60

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	42.1	45.3	.....	1.63
Accum. Units	52.4	56.3	.....	1.63
J. Finlay High Income	38.8	41.7	.....	9.24
Finlay Wld. Energy	19.3	20.8	+0.1	1.18
Accum. Units	25.0	26.9	+0.1	1.18
J. Finlay Fd. In. Tst.	40.5	43.5	.....	4.44
Accum. Units	52.5	56.4	.....	4.44

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.5
34	14	ACM 20c	33	+2	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
55	40	Barymin	45	......	—	—	—
25½	14	Burma Mines 10p	23	......	0.75	8.9	4.7
330	180	Colby Res. Corp.	290	......	—	—	—
275	200	Cons. Murch. 10c.	275	......	tQ30c	1.8	6.2
98	70	††Hemerdon 10c.	70		—	—	—
180	135	Highwood Res.	155	+15	—	—	—
400	300	Northgate C$1	360	−5	—	—	—
580	372	R.T.Z.	515	−5	16.0	3.2	4.4
£125	£93½	Do.9¼%Cv.Un.Ln.'95-2000	£116	−1	Q9½%	—	f8.6
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	32	Sabina Inds. C$1	32	−2	—	—	—
44	28	††SWCM 10p	40	......	—	—	—
550	465	Tara Exptn. $1	530	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	41	......
Bertam	13	......
Bdg'wtr. Est. 50p	465	......
Craig & Rose £1	£11½	......
Fife Forge	66	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	£22	......
Higsons Brew.	73	......
Holt (Jos) 25p	480xd	......
I.O.M. Stm. £1	158	+1
Pearce (C. H.)	950	......
Peel Hldgs.	100	......
Sheff. Refrshmt.	99	−2
Sindall (Wm.)	188	......

IRISH	Price	+ or −
Conv. 9% '80/82	£92⅞	......
Nat. 9¾% 84/89	£74	......
Fin. 13% 97/02	£79	......
Alliance Gas	77	......
Arnott	295	......
Carroll (P.J.)	88	......
Concrete Prods.	90	−5
Helton (Hldgs.)	28	......
Ins. Corp.	420	......
Irish Ropes	55	......
Jacob	56	......
T.M.G.	15	......
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	18	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20	**Oils**	
Burton Ord.	14	Mrks. & Spncr.	11	Brit. Petroleum	35
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	7	N.E.I.	8	Charterhall	8
Debenhams	10	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	12	Premier	7½
Dunlop	8½	Plessey	28	Shell	32
Eagle Star	25	Racal Elect.	34	Tricentrol	30
F.N.F.C.	3	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	25	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	18	Tesco	5½	Lonrho	9
G.U.S. 'A'	44	Thorn EMI	32	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	15	Tube Invest.	28		
Hawker Sidd.	25	Turner & Newall	18		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Saturday June 6 1981

MAN OF THE WEEK

Prince of the Turf

BY MICHAEL THOMPSON-NOEL

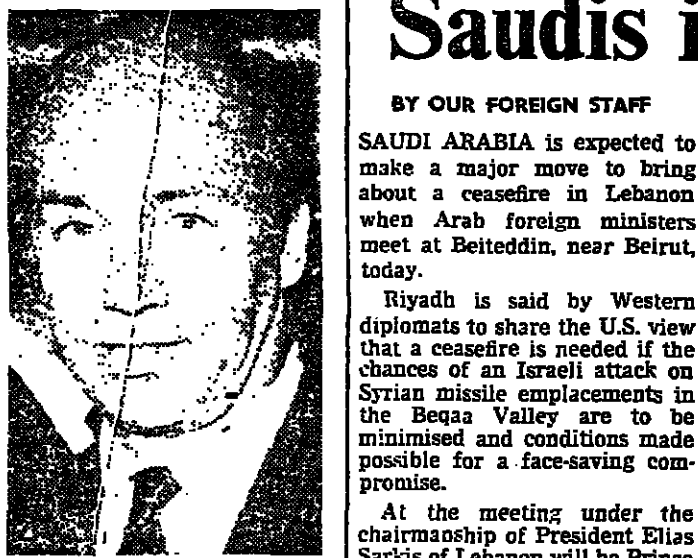
THEIR racing silks are different. Otherwise, the scenes of jubilation that greeted the Aga Khan *in the* unsaddling enclosure at Epsom after Shergar's effortless victory in the Derby on Wednesday were virtually identical to those that greeted his grandfather, the third Aga Khan, in 1930 when Blenheim won the race.

The only other differences were Shergar's winning margin (10 lengths to Blenheim's one) and the value of the prize (£149,000, against £10,036 5s).

The third Aga won five Derbies in total, a record his grandson may match, for Shergar, now valued at approximately £9-£10m, is merely the crowning jewel of a vast equine empire.

Speaking from his estate at Gouvieux, near Chantilly, where he has built two replica 17th century chateaux, one to house his offices, the other as a home, the Aga said yesterday that he owns 400-450 racehorses, including 140 mares. He has two studs in Ireland, and two more in France, and says that Shergar's victory at Epsom represented one of the happiest hours of his life.

"In many ways," said the Aga, "the Derby this week vindicates my decision to continue in racing. There is the joy and happiness of winning, and there is the continuing of a family tradition."



The Aga Khan
Continuing the family tradition

Asked whether the annual cost of running the operation was as high as the £4m estimated this week, he said: "I'm not sure that's very meaningful. Let's say the balance sheet is sound." At the moment, Shergar is involved in a European orbit of value, but he may go outside that into an international one"—the inference being that Shergar may be sold for stud eventually to a syndicate in Kentucky.

Originally, the Aga knew nothing about horses and had no interest in them. He decided to maintain the family's interest in racing when his father was killed in a car crash in 1959, but stresses that in relation to other things he does, racing is a "minor issue."

He inherited the Imamate in 1957, the will of his grandfather having taken the unprecedented step of excluding his father, Prince Aly Khan, and his uncle, Prince Sadruddin, from the inheritance. As 49th Imam, Prince Karim Aga Khan is thus the spiritual leader of the estimated 12m to 15m members of the Nizari Ismaili sect of Shia Moslems, whose communities are widely scattered throughout India, Pakistan, Bangladesh, the Middle East and part of Africa.

In his role as leader (many Ismailis *still contribute 1 or 2* per cent of their incomes to the Imamate) the Aga, who went to Harvard, supervises an industrial and investment empire under the aegis of Industrial Promotion Services (IPS). It has scores of companies that make, manage or deal in diamonds, *hotels, newspapers, construction*, mines, ceramics and insurance, to name just a few of its widely diversified interests, in countries that range from Tanzania to Tunisia, Canada to Bangladesh.

Prince Karim has said he formed IPS so as to encourage "*economic development* of the countries in which we are interested," though he stresses that economic development is only one aspect of the Imamate's work, and that it is equally active in health, housing and education.

His appearance with Shergar in the unsaddling enclosure at Epsom this week represented a flying visit to the "West": yesterday he was back at work in Gouvieux, his thoughts on the "East."

Row looms over state industry chairmen's pay

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A BIG row is building between the chairman of nationalised industries and the Government because the Civil Service Department is preventing them from raising their boardroom salaries in line with rates paid in the private sector.

Sir Denis Rooke has accepted reappointment as chairman of British Gas, along with his deputy chairman, Mr Jack Smith, without finalising any new salary levels.

Sir Peter is pressing for a rise of about £30,000 on his £48,000 salary. The contract of his deputy chairman, Mr Michael Bosworth, runs out in 10 days' time and has yet to be renewed.

The National Coal Board has submitted claims for rises averaging around 10 per cent for its six full-time board members, but not for its chairman and deputy chairman. At present a considerable number of senior executives — perhaps as many as 30 — are thought to be paid more than the board members who are in the £26,000-£33,000 range.

Industries such as coal and railways have hired Hay-MSL management consultants, to advise on the salaries they should be claiming and others, such as gas and electricity, are expected to do the same.

Meanwhile, Sir Michael Edwardes, whose salary as chaimran of BL has always been well above the general level in the fully-nationalised industries, is believed to have gone up from £65,400 in 1980 to a figure between £90,000 and £100,000.

EXISTING SALARIES IN MAJOR STATE INDUSTRIES

Industry	Post	Full-time salary*
Rolls-Royce	Chairman Board Members	£60,000 £25,000 to £50,000
BL	Chairman Board Members	£90,000 to £100,000 (unconfirmed) £45,000 to £50,000 (in 1979)
BNOC	Chairman Board Members	£58,500 £35,000 to £40,000
Steel, Telecom†	Chairman Board Members	£53,000 £35,000 to £40,000
Rail, Gas, Shipbuilders, Coal, Airways, Aerospace, Eelectricity Council, Post‡	Chairman Board Members	£48,000 £25,000 to £35,000

* Part-time chairmen and board members are paid pro rata.
‡ Mr Ian MacGregory chairman of British Steel waived a £4,500 (from £48,500) last year but has substantial extra payments geared to performance. British Telecom is expected to be rated at this level later this year.
‡ The Post Office is expected to be rated at this level later this year.

This has not been confirmed.

BL issued a statement yesterday saying that the annual cost to BL of a new 21-month contract negotiated in April for Sir Michael would be 16.17 per cent higher than the average annual cost of his previous 3½-year secondment from his old company, Chloride.

There are no published figures on which to calculate what this means. BL last night said that it would not announce Sir Michael's salary until its annual report is published next spring.

The row between the Government and the nationalised chairmen—several of whom resent Sir Michael's continuing ability to negotiate out of their range—is the latest stage of a ten-year problem.

Last year the Prime Minister *announced she was cutting* through the problem by taking the State industries out of the control of the Government's Top Salaries Review Body. Individual industries would be allowed to negotiate competitive salaries with their sponsoring departments.

Now, however, industries are finding that the Civil Service Department—partly influenced by the civil servants' dispute—is preventing market rates from being introduced and is trying to keep most rises to the Government's preferred level of 7 per cent.

Hattersley and Shore hot up clash with Benn

By Elinor Goodman

THE bitter divide between Mr Tony Benn and the rest of the "shadow" Cabinet increased still further yesterday as two members of the "shadow" Cabinet drove home Mr Michael Foot's challenge to Mr Benn (to stand against him for the party leadership) with even more strongly-worded strictures of their own.

Mr. Roy Hattersley, "shadow" Home Secretary, accused Mr Benn's supporters of deliberately intimidating MPs and of "bullying and blackmail." He claimed that they were guilty of mindless intolerance and—in another attempt to put Mr. Benn on the spot and cut the ground from beneath him — challenged him to disown their activities.

Meanwhile Mr Peter Shore, Shadow Chancellor and one of Mr Foot's closest allies delivered a scathing attack on Mr Benn and all he stands for. He dismissed him as the "cuckoo in the nest" and accused his supporters of preaching "the doctrines of betrayal and the politics of paranoia."

The party, he said, had to chose between Mr Foot and Mr Benn. Given their totally different outlook, it would be impossible for Mr Benn as deputy leader to work with Mr Foot.

Both Mr Shore and Mr Hattersley have attacked Mr Benn's tactics before, but the level of abuse yesterday suggests that Mr Foot's challenge to Mr Benn last week has signalled the beginning of a new no-holds-barred campaign against not only Mr Benn himself but also his supporters.

Now that Mr Benn has rejected Mr Foot's challenge to fight him for the party leadership, the Shadow Cabinet is doing all it can to stop him winning the No. 2 job.

Mr Hattersley named the Rank and File Mobilising Committee and what he called the "fraudulently-named" Campaign For Labour Party Democracy as the two organisations responsible for much of the intimidation in the party.

Mr Shore has already enraged the far Left by his attacks on *them. Yesterday, in a speech to* a meeting of Labour Solidarity, a group set up to try to unite the party against extremism on both sides, he gave a warning that was the most strongly-worded yet.

He implied that Mr Benn was not to be trusted and stood for an uathoritarian form of Socialism in which the members, like the Calvinists of the 16th century, were divided into the "elect and the non-elect."

Warrington by-election, Page 3
Nott stands firm on defence review, Page 3
Politics today, Page 16

Saudis in ceasefire move

BY OUR FOREIGN STAFF

SAUDI ARABIA is expected to make a major move to bring about a ceasefire in Lebanon when Arab foreign ministers meet at Beiteddin, near Beirut, today.

Riyadh is said by Western diplomats to share the U.S. view that a ceasefire is needed if the chances of an Israeli attack on Syrian missile emplacements in the Beqaa Valley are to be minimised and conditions made possible for a face-saving compromise.

At the meeting under the chairmanship of President Elias Sarkis of Lebanon will be Prince Saud al Feisal of Saudi Arabia, Sheikh Sabah al Salem al Sabah of Kuwait, Mr. Abdul Halim Khaddam of Syria and Mr. Fuad Butros of the Lebanon.

The gathering which has been given the blessing of the Islamic Foreign Ministers' conference, coincides with the resumption of shuttle diplomacy by Mr Philip C. Habib, the U.S. special envoy after a few days' respite in Washington for consultations.

Mr. Habib was due to leave Washington last night for the Middle East but was expected to stopover in Europe.

Prince Saud al Feisal has taken pains to stress that Saudi Arabia is in no way undertaking an independent initiative nor one prompted through Washington, but was conforming to the Tunis mandate agreed by the Arab Foreign Ministers two weeks ago.

There can be no doubt, however, about Riyadh's concern about the repercussions of an Israeli strike on Syrian positions in Lebanon, nor about the weight the leadership is putting behind its diplomatic efforts, backed by petrodollars.

Apart from the recent visit *to Damascus of Abdel-Aziz* Tuwaijeri, a senior Saudi Foreign Ministry official, Prince Turki is also understood to have been to the Syrian capital.

Furthermore, Lieutenant-General Ali Shaeir, Saudi Ambassador in Beirut, is well acquainted with the Christian Maronite leaders and is understood to have made strong representations to the dominant Phalangist party in a bid to persuade it to break off collaboration with Israel.

But, while Riyadh and Washington may agree on ways of defusing the crisis, Saudi leaders and officials are as sharply critical in private as their counterparts elsewhere are in public of what they see as the U.S. bias towards Israel.

BEIRUT: Israeli jets flew over Beirut yesterday as Syrian forces and the Lebanese Christian militia traded artillery and rocket fire across the city's Moslem-Christian demarcation line.

Meanwhile, a police spokes*man said a manhunt was under*way for unknown gunmen who shot and wounded the brother of Sheikh Mohammed bin Mubarak, Bahraini foreign minister on Thursday.

Savoy victory eludes Forte

BY REG VAUGHAN

TRUSTHOUSE FORTE'S epic battle for control of the Savoy Hotel group drew nearer to a close yesterday with THF still well short of victory.

In the face of only minimal acceptance of its offers, THF announced that he £67m bid will not be increased and will not be extended beyond June 19. This commitment will rule out any further bid from THF for *at least a year, if it fails this* time.

But Sir Charles Forte, executive chairman of THF, has made it clear that in the absence of victory he intends to remain a substantial minority shareholder.

Sir Charles said yesterday that he intended to keep his options open on a renewed bid for the Savoy next year. "It all depends on the performance of the company, whether it makes losses or profits."

After the first closing date of the bid last Wednesday, THF's offers—worth 190p cash for the "A" shares and £11.22½ for the "B" shares—had been accepted by holders of only 3.2 per cent *of the "A" shares and* 0.4 per cent of the "B" shares. Together this represents only 1.78 per cent of the company's votes.

Including the backing of the Kuwait Investment Office holding in Savoy and share purchases in the Stock Market this brings THF's total holding up to 37.3 per cent of the votes.

Sir Charles said that THF would continue to purchase in the market and he felt that there were a few more acceptances to come. He thought that, at the end of the day, THF could end up with around 40 per cent of the votes. To gain control, THF must secure some of the holdings of the Savoy directors *and asociates who con*trol up to 45 per cent of the group's votes. It is this block of shares, dominated by a large holding of the high voting "B" shares, which has blocked past takeover attempts.

Devoted army of shareholders, Page 17

BNOC price cut

Continued from Page 1

price reduction, given the pressure for such action by major buyers of North Sea crude.

With spot prices on premium crude well below $35 a barrel, reflecting the current glut in world oil supplies, major companies like BP had been calling for a reduction of at least $2 to $3 a barrel in North Sea tariffs. Companies argue that even this level of reduction would be insufficient to make some refineries in Britain profitable, given the pressure on product prices.

Unconfirmed industry reports in the past few days say that Nigeria has already begun offering discounts off its official prices.

BNOC's initiative will not only please the buyers of North Sea crude. Saudi Arabia has been calling on the African exporters to reduce their prices by at least $1 a barrel as a prerequisite move for pricing unity within Opec. BNOC is thus strengthening the Saudi position.

However, it was being pointed out within the British oil industry last night that BNOC had fewer options than the Africans. Nigeria, Algeria and Libya have Government-declared prices. Their pricing policies can be supported by state-determined production.

In the North Sea, production levels are left to individual companies, subject to Government approval. a

● Ecuador cut its price of crude *from $36 a barrel to $33, Reuter* reports.

● Texaco yesterday followed the lead set by Esso and raised the prices of most of its oil products—except petrol.

Continued from Page 1

ICL axes jobs

ICL's collapse last year leading to the government rescue earlier this year was dramatic. Profits for the year ending September 30 were nearly half the figure of a year before, while the first three months of the current financial year saw a loss of over £20m. The company blamed the recession, strength of sterling and high interest rates.

The Government unsuccessfully tried to interest a number of UK companies in taking over ICL. In March it agreed to a rescue package to prevent the group falling into foreign hands. A number of U.S. and Continental companies had been discussing a merger with ICL.

Continued from Page 1

Civil servants pay

The Government's refusal to move enraged union leaders.

Union leaders said that the prospect of an all-out strike would now be bound to re-emerge strongly.

Mr Bill Kendall, secretary-general of the Council of Civil Service Unions, said the dispute was back to where it was at the start.

He accused the Government of acting maliciously, and said: "I now seriously believe that they are out to smash the sensible and reasonable leadership of the unions, and to cripple the Civil Service trade union movement at national and departmental level."

Lord Soames later rejected this charge.

Weather

UK TODAY

RAIN. Showers, rain. Sunny intervals. Max. 17C.
Weekend outlook: Cool, showers, sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	L. Ang.†	C	19	66
Algiers	S	24	75	Luxmbg.	C	17	63
Amsdm.	F	16	61	Luxor	S	36	97
Athens	S	27	81	Madrid	S	26	79
Bahrain	S	33	91	Majorca	S	23	73
Barclna.	S	21	70	Malaga	S	24	75
Beirut	S	24	75	Malta	S	27	81
Belfast	F	15	59	M'chstr	C	15	59
Belgrd.	S	26	79	Melbne.		—	—
Berlin	F	21	70	Mx. C.†		—	—
Biarritz	S	24	75	Miami†	F	28	82
Bmghm.	F	15	59	Milan	F	24	75
Blackpl.	S	15	59	Montrl.†	C	16	61
Bordx.	S	23	73	Moscow	C	22	72
Boulgn.	C	13	55	Munich	C	16	61
Bristol	C	15	59	Nairobi	F	24	75
Brussels	F	17	63	Naples	F	21	70
Budpst.	C	22	72	Nassau		—	—
Cairo	S	31	88	Nwcstl.	F	15	59
Cardiff	C	13	55	N. York†	S	21	70
Cas'b'ca	S	21	70	Nice	S	21	70
Cape T.		—	—	Nicosia	S	28	82
Chicg.†	C	19	66	Oporto	F	19	66
Cologne	C	18	64	Oslo	C	15	59
Cpnhgn.	C	16	61	Paris	C	17	63
Corfu	F	25	77	Perth		—	—
Denver†	F	14	57	Prague	C	19	66
Dublin	F	15	59	Rykjvk.	S	10	50
Dbrvnk.	C	17	63	Rhodes	S	26	79
Ednbgh.	C	15	59	Rio Jo'†		—	—
Faro	S	25	77	Rome	S	24	75
Florence	F	24	57	Salzbrg.	C	16	61
Frankft.	F	19	66	S'cisco†	S	13	55
Funchal		—	—	S. Mritz		—	—
Geneva	S	19	66	Singapr.		—	—
Gibrltr.	S	21	70	S'tiago†		—	—
Gl'sg w	C	14	57	Stckhm.	S	19	66
G'rnsey	R	12	54	Strasbg.	F	19	66
Helsinki	F	15	59	Sydney		—	—
H. Kong		—	—	Tangier	S	28	82
Innsbrk.	C	14	57	Tel Aviv	S	24	75
Invrnss.	F	16	61	Tenerife	F	22	72
I. o Man	S	13	55	Tokyo	S	22	72
Istanbul	F	25	77	T'r'nto†	Fg	14	57
Jersey	C	13	55	Tunis	F	26	79
Jo'burg	F	11	52	Valencia	S	25	77
L. Plms.	S	22	72	Venice	R	18	64
Lisbon	F	21	70	Vienna	C	19	66
Locarno	F	24	75	Warsaw	F	19	66
London	F	16	61	Zurich	S	18	64

C—Cloud. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Sterling and the stock market

The sterling financial markets did not have quite the same air of panic yesterday as they had on Thursday, but things were quite bad enough nevertheless. The pound's trade-weighted index fell another point to 93.8, gilt-edged prices dropped the best part of a point, and equities went into reverse.

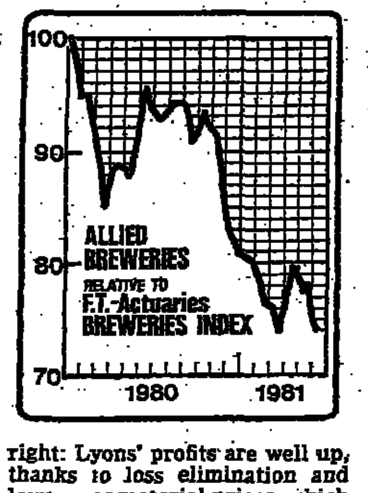
The Bank of England has refusedto be rattled—it has not set itself up as a target for the bears of sterling to sell at, nor has it made any attempt yet to tighten short money. So the yield curve is now steeply upward sloping, from 12 per cent Minimum Lending Rate through 13¾ per cent in the one-year interbank to 15.3 per cent on 10-year gilt-edged, which now yield a good deal more than U.S. Treasury bonds.

Unless dollar rates fall, however, it remains hard to see what is going to bring decisive buying of gilt-edged, even on these yields, just yet. Institutions have probably found themselves taking stock off fleeing foreigners, and all the initiative in the market still rests with the bears.

On Thursday equities advanced on the weakness of sterling especially shares in those companies with large overseas earnings or those which suffer from heavy import competition. But sterling's fall has been most marked against the dollar, the currency in which many raw materials are priced, rather than the currencies of industry's continental European competitors.

There remains a limit, too, to the degree by which equities can advance when bonds are so weak. At present high coupon 25-year *gilt-edged yield roughly* nine points more than the All-Share Index, and the immediate prospects for dividend growth are decidedly modest.

Index fell 9.3 to 546.3



Allied Breweries

Allied Breweries shares have been under all sorts of clouds recently, as fears of a rights issue have coincided with problems in the beer market epitomised by the Ansells brewery closure and strike. News that the strike had finally been settled was swiftly succeeded yesterday by a respectable-look*ing set of figures; after an £8m* fall in the first half, pre-tax profits have climbed back to £112.4m against £113.1m in the year (a week longer in 1980-81) to March.

Best of all, there was no rights issue; indeed Allied has managed to reduce borrowings by £50m through a series of property disposals. A number of things are beginning to go right: Lyons' profits are well up, thanks to loss elimination and lower raw material prices, which have done wonders for margins. Currencies are now moving Allied's way — a stronger dollar will help wines and spirits sales in the U.S. and the translation of the Lyons American interests, while sterling remains *relatively strong against cur*rencies of wine-producing countries.

Allied is also just starting to see the benefit of lower interest rates after a six-monthly rollover of its floating rate debt. Except in the strike-hit areas, Allied claims to have been picking up its share of the UK beer market, and the closure of Ansells' brewery should mean higher volume and more efficient production elsewhere.

But the profits still rely heavily on property items, which contributed £17.3m to *1980-81 figures. Moreover*, a more stringent approach might have meant charging most if not all of the £25.3m extraordinary items above the line rather than below it—£16m relates to more or less general restructuring and redundancies. Taking these items above the line would leave Allied with no current cost attributable profits; elsewhere, the fact that £112m pre-tax translates into a mere £1.6m rise in shareholders' funds is not a flattering statistic. Allied has the potential to raise genuine earnings sharply this year, but it looks as though achievement rather than promise will be required to get the shares moving. At 74½ up the yield is 10 per cent.

ICL

Poor investor communications is one accusation the new Board of ICL is clearly determined to avoid. Ahead of Monday's interim results it has announced that there will be a significant trading loss—something that few in the City had any illusions about anyway. But tied to an announcement of a further 5,200 redundancies, the implications are that the new management will be taking the opportunity to write off everything it possibly can.

The plan is to push through the redundancies by the end of the year—so that over a 24 month period the number of employees will have been cut by a quarter to 25,500. Next year employee costs may be £100m lower than they would otherwise be, but in the current year the costs of redundancies are likely to be massive. Provision will probably be made not only for the 5,200 redundancies announced yesterday, but the 2,500 connected with the Winsford closure. On the basis of the Duckinfield closure costs the gross provision here may be in the region of £60m—with no prizes for guessing whether the figure will appear above or below the line. Meanwhile, however, on the trading front the *fall of sterling against the dol*lar will provide some relief on pricing.

Dobson Park

Disappointment with Dobson Park's interim figures left the shares down 6p at 100p yesterday. Pre-tax profits have fallen 34 per cent to £5.1m and the nastiest surprise comes from the power tool division, where profits are little more than a quarter of last year's figure.

The recently acquired Wolf electric tool operation has fallen into loss and, more important, margins on Kango products, once as high as 20 per cent, were punished by weak domestic demand and the rise of the pound.

The second half should produce some loss elimination overseas, where reorganisation costs will be lower, but there will be little general improvement on the first six months without a speedy award of generous cash limits for the National Coal Board.

Borrowings have been held down by dexterous control of *working capital but, after about* a 25 per cent rise in issued equity over the past year, shareholders are experiencing some unwelcome dilution and the group is unlikely to cover a maintained final dividend with current cost earnings. The 7.6 per cent yield still looks fairly secure but, on prospective fully-taxed earnings the p/e of 15 is asking quite a lot.

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